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

**Date:** Tuesday, 27 February 2018  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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**Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee**

**OPEN AGENDA**

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**MEMBERSHIP**

- **Chairperson**  
  Cr Ross Clow  
  Cr Desley Simpson, JP
- **Deputy Chairperson**  
  Cr Josephine Bartley  
  Cr Dr Cathy Casey
- **Members**  
  Deputy Mayor Bill Cashmore  
  Cr Fa’anana Efeso Collins  
  Cr Linda Cooper, JP  
  Cr Chris Darby  
  Cr Alf Filipaina  
  Cr Hon Christine Fletcher, QSO  
  Mayor Hon Phil Goff, CNZM, JP  
  Cr Richard Hills  
  IMSB Member Terrence Hohneck  
  Cr Penny Hulse

(Quorum 11 members)

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**Sandra Gordon**  
Senior Governance Advisor  

21 February 2018

Contact Telephone: (09) 890 8150  
Email: sandra.gordon@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The purpose of the Committee is to:
(a) control and review expenditure across the Auckland Council Group to improve value for money
(b) monitor the overall financial management and performance of the council parent organisation and Auckland Council Group
(c) make financial decisions required outside of the annual budgeting processes

Key responsibilities include:

- Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP) for consideration by the Governing Body including:
  o Local Board agreements
  o Financial policy related to the LTP and AP
  o Setting of rates
  o Preparation of the consultation documentation and supporting information, and the consultation process, for the LTP and AP
- Monitoring the operational and capital expenditure of the council parent organisation and Auckland Council Group, and inquiring into any material discrepancies from planned expenditure
- Monitoring the financial and non-financial performance targets, key performance indicators, and other measures of the council parent organisation and each Council Controlled Organisation (CCO) to inform the Committee’s judgement about the performance of each organisation
- Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs
- Exercising relevant powers under Schedule 8 of the Local Government Act 2002, which relate to the Statements of Intent of CCOs
- Exercising Auckland Council’s powers as a shareholder or given under a trust deed, including but not limited to modification of constitutions and/or trust deeds, granting shareholder approval of major transactions where required, exempting CCOs, and approving policies relating to CCO and CO governance
- Approving the financial policy of the Council parent organisation
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews, as required under section17A of the Local Government Act 2002
- Establishing and managing a structured approach to the approval of non-budgeted expenditure (including grants, loans or guarantees) that reinforces value for money and an expectation of tight expenditure control
- Write-offs
- Acquisition and disposal of property, in accordance with the long term plan
- Recommending the Annual Report to the Governing Body
- Te Toa Takatini
Powers

(a) All powers necessary to perform the committee’s responsibilities, including:
   a. approval of a submission to an external body
   b. establishment of working parties or steering groups.
(b) The committee has the powers to perform the responsibilities of another committee, where it is necessary to make a decision prior to the next meeting of that other committee.
(c) The committee does not have:
   a. the power to establish subcommittees
   b. powers that the Governing Body cannot delegate or has retained to itself (section 2).
Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
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PUBLIC EXCLUDED

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16  Rates remission and postponement policy review
     G. List of remissions for community and sports organisations  241
C1  Acquisition of land for open space - Redhills Precinct  241
1 Apologies

An apology from Cr R Hills has been received.

2 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes

That the Finance and Performance Committee:

a) confirm the ordinary minutes of its meeting, held on Tuesday, 12 December 2017, including the confidential section, as a true and correct record.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 Public Input

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than one (1) clear working day prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of thirty (30) minutes is allocated to the period for public input with five (5) minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to five (5) minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give one (1) day's notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.
6.1 Local Board Input - Upper Harbour Local Board regarding the proposed disposal of land (part of 61-117 Clark Road, Hobsonville)

Te take mō te pūrongo / Purpose of the report
1. To make a presentation to the Finance and Performance Committee regarding Proposed Lot 14, 61-117 Clark Road, Hobsonville.

Whakarāpopototanga matua / Executive summary
2. Representatives of the Upper Harbour Local Board wish to address the committee.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:

a) receive and thank Upper Harbour Local Board Chair, Lisa Whyte for her presentation regarding Proposed Lot 14, 61-117 Clark Road, Hobsonville.

7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public,-

(i) The reason why the item is not on the agenda; and

(ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,"

(a) That item may be discussed at that meeting if-

(i) That item is a minor matter relating to the general business of the local authority; and

(ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

8 Notices of Motion

There were no notices of motion.
Te take mō te pūrongo / Purpose of the report
1. To provide an opportunity for the amenities of the Auckland Regional Amenities Funding Board to present to the committee on their key achievements since the last presentation in 2017; details of how the residents and ratepayers are getting good value for money; and the benefits that accrue to them and major initiatives for the year ahead.

Whakarāpopototanga matua / Executive summary
2. The following amenities of the Auckland Regional Amenities Funding Board will present:
   i) Auckland Festival Trust
   ii) Surf Life Saving Northern Region
   iii) Auckland Theatre Company
   iv) Stardome Observatory and Planetarium
   v) Coastguard Northern Region.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:
   a) thank the representatives from Auckland Arts Festival, Surf Life Saving Northern Region, Auckland Theatre Company, Stardome Observatory and Planetarium and Coastguard Northern Region for their attendance and the information provided.

Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sandra Gordon - Senior Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
Auckland Regional Amenities Draft Funding Plan 2018/2019 - proposed Auckland Council submission

File No.: CP2018/00352

Te take mō te pūrongo / Purpose of the report
1. To approve the Auckland Council submission to the Auckland Regional Amenities Funding Board Draft Funding Plan 2018/2019.

Whakarāpopototanga matua / Executive summary
2. The Auckland Regional Amenities Funding Act 2008 (the Act) provides for ten regional organisations to submit annual funding applications to the Auckland Regional Amenities Funding Board (Funding Board). The Funding Board must analyse these applications and prepare a draft funding plan, before finalising and levying Auckland Council for the total amount. The Act requires the Funding Board to prepare a draft funding plan that provides any information that is necessary to enable an informed assessment of the annual levy (s25(2)(i)). The Draft Funding Plan 2018/2019 can be found at Attachment A.

3. Council’s ability to influence the Funding Board is limited. Council can make a submission on the draft funding plan every year, appoint directors to the Board, and set funding principles. It is not council’s role to make decisions regarding individual amounts given to specific organisations.

4. This report seeks approval of council’s submission on the Draft Funding Plan 2018/2019. A report in March 2018 will consider the levy itself.

5. The Draft Funding Plan 2018/2019 seeks a total levy from council of $16,786,500. This is $621,000 or 3.8 per cent higher than the levy for 2017/2018.

6. The Draft Funding Plan 2018/2019 proposes no increase for two of the amenities, and increases ranging from $45,000 to $124,000 for the remaining eight amenities.

7. It is recommended that the proposed council submission note the following matters:
   - total funding under the Act increased from $8,700,000 in 2009 to $16,165,500 in the 2017/2018 year
   - council request that the Funding Board includes a statement in its final funding plan confirming that the amenities funding applications are compliant with the funding principles in the Act
   - council requests the Funding Board to include a summarised statement of how each of the amenities align their activities to the Auckland Plan, so it is clear to council and the public how the investment of ratepayer funds contribute to Auckland Plan outcomes. This is required by a funding principle added by council to those in the original legislation
   - council notes its concern with the proposed increases in future funding requests for 2019/2020 being $18,644,572 and 2020/21 being $19,104,415.
Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) agree the Auckland Council submission to the Auckland Regional Amenities Funding Board Draft Funding Plan 2018/2019 cover the following issues as discussed in this report:

- note the increase in total funding since the Auckland Regional Amenities Funding Act was established in 2008
- request a statement of compliance with the funding principles be included in the funding plan that will be submitted to council
- request a statement of individual amenities’ alignment with Auckland Plan outcomes
- note council’s concern at future projected levy increases

b) delegate to the manager: council-controlled organisation governance and external partnerships the ability to make any minor edits or amendments to the submission, to correct errors or reflect decisions made by the Finance and Performance Committee

c) authorise the chairperson and deputy chairperson of the Finance and Performance Committee to sign the submission on behalf of Auckland Council.

Horopaki / ContextDecision-making authority

8. The Act was put in place to establish a mechanism to provide adequate, sustainable and secure funding for ten specified amenities that provide arts and culture, educational and rescue services throughout the Auckland region. It was passed in the pre-amalgamation context to ensure that all councils in the region contributed equally to the funding of the amenities.

9. At amalgamation, the levy regime passed over to Auckland Council. Council’s role is confined to reviewing the total levy, appointing some of the Funding Board’s directors, and setting funding principles which funding applications must be assessed against. Individual allocations to amenities are the role of the Funding Board, not council. The Act requires that the funding plan must provide any information that is necessary for council to make an informed assessment of the annual levy (s25(2)(i)).

10. The Act established a Funding Board, which is an independent body responsible for allocation of the annual funding provided by Auckland Council for the amenities. The role of the Funding Board is to assess the annual funding applications received from the amenities against the funding principles within the Act and any additional principles adopted by Auckland Council. The funding principles include the following:

- funding is primarily for provision of facilities or services by the amenities (i.e. operational)
- funding is not available for capital expenses
- funding is not for any part of facilities or services provided outside the Auckland region
- funding is available only if the amenity has made all reasonable endeavours to maximise their funding from other available sources (council is funder of last resort)
- the Funding Board must have regard to council’s proposed rates increase for the forthcoming year
- the amenities should align their activities to the Auckland Plan, and adopt relevant performance measures.

11. Council provides a submission to the annual draft funding plan. This year submissions are due by 28 February 2018.
12. The Funding Board will consider the public submissions and make any amendments it considers necessary to the funding plan. The board then submits the funding plan and levy to Auckland Council for consideration.

13. If the council considers that the funding plan and the consequential levy is not acceptable, the legislation states that the board and the council must seek a binding arbitration decision.

The Draft Funding Plan 2018/2019

14. For information, the following table sets out the amount of funding applied for, the provisional allocation of funding to each of the amenities and how much they received in 2017/2018.

15. The Draft Funding Plan 2018/2019 includes an allocation for the New Zealand Maritime Museum (Maritime Museum). Staff are aware that Regional Facilities Auckland and the Maritime Museum are negotiating for the Maritime Museum to become part of Regional Facilities Auckland. A report will be provided to the March 2018 Finance & Performance committee meeting regarding the proposed amalgamation. If necessary, at that meeting, the committee could provide guidance to the Funding Board as to whether the levy should include funding for the Maritime Museum.

16. The Draft Funding Plan 2018/2019 notes that a significant portion of the annual levy is used to pay for council services such as the rental, hire charges, rates, and regulatory charges for the ten amenities, and is estimated at $2.7 million for the 2018/2019 funding year. Whilst this may appear to be a ‘money go-round’, staff’s view is that this is preferable to providing the amenities with discounted or free venue hire or rentals. The current situation makes transparent the level of subsidy the amenities receive from council.

<table>
<thead>
<tr>
<th>Amenity</th>
<th>Grant Allocated by Funding Board 2017/2018</th>
<th>Amenity Funding Application 2018/2019</th>
<th>Provisional Allocation of Grant 2018/2019</th>
<th>Difference</th>
<th>Change as a percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Festival Trust</td>
<td>$3,337,000</td>
<td>$3,600,000</td>
<td>$3,437,000</td>
<td>$100,000</td>
<td>3% increase</td>
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<tr>
<td>Auckland Philharmonia</td>
<td>$3,112,000</td>
<td>$3,157,000</td>
<td>$3,157,000</td>
<td>$45,000</td>
<td>1.4% increase</td>
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<td>Auckland Regional Rescue Helicopter*</td>
<td>$450,000</td>
<td>$633,409</td>
<td>$450,000</td>
<td>$0</td>
<td>No change</td>
</tr>
<tr>
<td>Auckland Theatre Company</td>
<td>$1,520,000</td>
<td>$1,780,000</td>
<td>$1,600,000</td>
<td>$80,000</td>
<td>5.3% increase</td>
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<td>Coastguard Northern Region</td>
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<td>$764,000</td>
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<td>7.3% increase</td>
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<tr>
<td>Drowning Prevention - Watersafe Auckland</td>
<td>$1,050,000</td>
<td>$1,050,000</td>
<td>$1,050,000</td>
<td>$0</td>
<td>No change</td>
</tr>
<tr>
<td>New Zealand Maritime Museum</td>
<td>$2,139,500</td>
<td>$2,603,725</td>
<td>$2,184,500</td>
<td>$45,000</td>
<td>0.2% increase</td>
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<tr>
<td>New Zealand Opera</td>
<td>$1,025,000</td>
<td>$1,260,000</td>
<td>$1,100,000</td>
<td>$75,000</td>
<td>7.3% increase</td>
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<tr>
<td>Stardome Observatory and Planetarium</td>
<td>$1,239,000</td>
<td>$1,439,000</td>
<td>$1,363,000</td>
<td>$124,000</td>
<td>10% increase</td>
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<tr>
<td>Surf Life Saving Northern Region</td>
<td>$1,266,000</td>
<td>$1,653,000</td>
<td>$1,366,000</td>
<td>$100,000</td>
<td>7.9% increase</td>
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<tr>
<td>Total</td>
<td>$15,850,500</td>
<td>$17,940,069</td>
<td>$16,471,500</td>
<td>$621,000</td>
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<tr>
<td>Amenity</td>
<td>Grant Allocated by Funding Board 2017/2018</td>
<td>Amenity Funding Application 2018/2019</td>
<td>Provisional Allocation of Grant 2018/2019</td>
<td>Difference</td>
<td>Change as a percentage</td>
</tr>
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<td>---------------------------------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------------------</td>
<td>---------------------------------------------</td>
<td>------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Funding Board Administration</td>
<td>$315,000</td>
<td>$315,000</td>
<td>0</td>
<td>No change</td>
<td></td>
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<tr>
<td>Total Levy payable by Auckland Council</td>
<td>$16,165,500</td>
<td>$16,786,500</td>
<td>621,000</td>
<td>3.8% increase</td>
<td></td>
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**Tātaritanga me ngā tohutohu / Analysis and advice**

17. The total increase of $621,000 is a 3.8 per cent increase over last year’s levy. The percentage increases for the three previous years were:
   - 2017/2018: $23,000 (or 0.14 per cent)
   - 2016/2017: $994,100 (or 6.56 per cent)
   - 2015/2016: $837,400 (or 5.85 per cent).

18. Each year, the Funding Board must assess what would be a reasonable contribution towards the amenities operating costs. This is a ‘needs based’ assessment, and it is up to the Funding Board to exercise its judgment as to how much funding each amenity should receive.

19. Council staff are not in a position to comment on the amount of the funding being provided to the individual amenities, as it is the role of the Funding Board to analysis the funding requirements of each amenity.

20. In terms of the Act, council’s role is to consider the total levy proposed by the Funding Board in terms of the funding principles. In this regard, staff recommend that further information should be included in the funding plan submitted in March 2018 to allow council to consider the levy properly. Details of what additional information should be included is set out in the options section below.

**Proposed submission to the Draft Funding Plan 2018/2019**

21. Staff recommend that council’s submission should cover the following points.

   a. That council notes the overall increase in the levy amount since the beginning of the Auckland Regional Amenities regime in 2008. This shows the degree to which council has recognised the important role of the amenities, and the pressures they have faced as the Auckland region has grown.

   b. Additional information should be provided in the funding plan to allow an informed consideration of the levy. Council staff are aware that each of the amenities must supply significant information to the Funding Board in their annual applications, and that each application must also contain a statement that it is compliant with the funding principles. However, council does not see the funding applications. Therefore, additional information in the funding plan should be sought in order to demonstrate:
      - that each of the amenities funding applications are compliant with the funding principles. This will ensure that council can fulfil its obligations under the Act, when it considers funding plan and levy in March 2018
      - in particular, that the funding principle relating to alignment with Auckland Plan outcomes is being met. We propose that a short summary statement of how each amenity meets Auckland Plan outcomes is included in the funding plan submitted to council.
Options
22. Given the limits of council’s role in the Auckland Regional Amenities Funding Act levy process and given that this paper is simply considering the content of council’s submission on the Draft Funding Plan 2018/2019, there are a limited number of other options which can be considered.

- Option One – do not provide a submission on the Draft Funding Plan 2018/2019. This option is not recommended because it means missing an opportunity to comment on the levy request.
- Option Two – approve the submission as recommended by staff. The draft submission points have been designed to indicate council’s view that the funding plan could provide more information that would enable council to fulfil its obligation under the Act to consider the funding plan and the total levy by having consideration to the funding principles. Councillors may wish to raise other matters for inclusion in the submission (see option three, below).
- Option Three - amend the submission to include other matters, such as indicating comfort (or otherwise) with the funding plan and the proposed level of the levy. This option is not recommended because our preference is for the Funding Board to be given the opportunity to provide additional information before the issue of the levy amount is considered. Councillors may wish to raise other matters.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
23. Local board views have not been canvassed. Decision-making and oversight in respect of regional activities are the responsibility of the Governing Body. This report relates to the funding relationship between the council, the Funding Board and the amenities.

Tauākī whakaaweawe Māori / Māori impact statement
24. The amenities have the ability to make positive contributions to Māori wellbeing, and to deliver on Auckland Plan outcomes and contribute to effective Māori capacity.
25. However, this report does not consider the amenities contribution to Māori wellbeing, as that is not an issue covered by the Draft Funding Plan 2018/2019.
26. One of the Funding Board members must be a person who is appropriate to represent the interests of Māori in the Auckland region. Therefore, a Māori perspective is considered whenever the Funding Board makes a decision.

Ngā rūpono ā-pūtea / Financial implications
27. Funding for the Draft Funding Plan 2018/2019 will need to be provided for in the Long-term Plan 2018-2028.

Ngā raru tūpono / Risks
28. The ongoing risk to council is that the Auckland Regional Amenities Funding system provides little ability for council to ensure value for money from the amenities. While there are benefits for the sustainability of the amenities, it is difficult for council to ensure accountability for the funding provided and ensure the services delivered by the amenities align with council priorities.

Ngā koringa ā-muri / Next steps
29. Once the content of the submission is approved, staff will draft the submission to reflect decisions made by the committee.
30. The chair of the Finance and Performance Committee will sign the submission on behalf of the council. The deadline for submissions is 28 February 2018.

31. The Funding Board will consider the public submissions and make any amendments it considers necessary to the funding plan. The board then submits the funding plan to Auckland Council for consideration. The board needs to adopt its final funding plan by 30 April 2018, so it is likely the funding plan and proposed levy will be brought to council for consideration at Finance and Performance Committee in March 2018.

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Auckland Regional Amenities Draft Funding Plan 2018/2019</td>
<td>19</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

| Authors                          | Josie Meuli - Senior Advisor  
|                                 | Edward Siddle - Principal Advisor  
| Authorisers                     | Alastair Cameron - Manager - CCO Governance & External Partnerships  
|                                 | Phil Wilson - Governance Director  
|                                 | Matthew Walker - Acting Group Chief Financial Officer  

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

DRAFT 2018 - 2019 Funding Plan

15 January 2018
Chair’s Report

The 2018-2019 Draft Funding Plan represents the tenth year the Funding Board is distributing grants to the Specified Amenities and it is timely to reflect on the monumental changes this funding has had on these organisations.

Nearly all the entities have grown in the ten years to the point where they are financially sustainable; products, services and facilities have been expanded to reach further across Auckland; and more people than ever are benefiting from the role these entities have in the greater Auckland region.

The vibrant arts scene, the bustling beaches and harbours and the stimulating educational and cultural museum facilities are all benefiting from the increased levels of activities provided by the entities receiving regional funding. Aucklanders should be proud of the contributions these entities are making towards Auckland being an exciting and dynamic international city.

In 2018-2019 the entities are again looking to further enhance the experiences enjoyed by those interacting with their organisations, using the facilities, or attending shows and productions put on for the public to enjoy.

During 2017 four new board members joined the Funding Board and quickly assimilated themselves becoming familiar with Funding Board processes and the Specified Amenities themselves.

Over the last nine years the Funding Board has amassed a tremendous amount of knowledge regarding the operation of these organisations. The board considers it has followed a rigorous assessment process when considering the annual funding applications and determining the provisional allocation of grants for 2018-2019.

The total gross 2018-2019 levy is provisionally set at $16,786,500, being $621,000 or 3.8% higher than the levy for 2017-2018.

Over the years the Funding Board has built up a modest level of retained earnings. In 2018 it is the Board’s intention to make a distribution back to Auckland Council of $350,000 as a contribution towards the 2018-2019 levy. That means the net levy payable by Auckland Council would drop to $16,438,500, or 1.68% higher than 2018-2019.

It has been noted in previous years that the Specified Amenities return a significant proportion of the annual levy back to Auckland Council in the form of rent, hire charges, rates, and regulatory charges. In 2018-2019 that amount is estimated to be in excess of $2.7 million. While this could be described as a needless money-go-round, in the interests of financial transparency the transactions are being properly recorded to reflect the true costs of providing these services for the enjoyment of Aucklanders.

I would like to take this opportunity to thank my Board colleagues for their diligence and professional work during the development of the 2018-2019 Funding Plan. They all approach their work for the Funding Board with a high degree of commitment and integrity. Individually
and collectively, they bring with them a wealth of experience, skills and abilities that continues to give me confidence that the 2018-2019 Funding Plan is one that delivers a mechanism to provide adequate, secure and sustainable funding within a fiscally responsible framework.

The Funding Board welcomes your feedback through the submissions process which is open from 15 January to 28 February 2018 inclusive.

Vern Walsh
Chair
January 2018
Introduction

This Funding Plan, covering the period 1 July 2018 to 30 June 2019, is the ninth plan published by the Auckland Regional Amenities Funding Board, (Funding Board).

The 2018-2019 Funding Plan represents the ninth year that the Funding Board has assessed and recommended the distribution of grants to the Specified Amenities, and it will be the tenth year that grants will be distributed to the amenities. The Funding Board believes that the levels of funding proposed in this plan are in line with the key funding principles outlined in the Act, and in accordance with the primary purpose of the Act, namely the provision of a mechanism for adequate, sustainable and secure funding for the Specified Amenities.

Background

The Funding Board was established with the introduction of the Auckland Regional Amenities Funding Act 2008. The Act introduced a levy to be imposed on Auckland Council. The levy is collected by the Funding Board and distributed as grants to the Specified Amenities named in the legislation. The purpose of the Act is to establish a mechanism that provides funding to support the on-going sustainability of the organisations named in the Act who deliver arts, culture, recreational, heritage, rescue services and other facilities and services to the wider population of the Auckland region. All amenities make significant contributions towards making Auckland an attractive global city.

In this tenth year, the maximum funding permissible is defined in the Act as being no more than 2% of the rates collected by Auckland Council in the previous financial year. For 2018-2019, the maximum levy cap has been calculated as $33,020,000. The Funding Board, while aware of that levy cap, assesses each application on its merits and does not regard the maximum levy cap as either a target or a notional budget to work towards. The proposed 2018-2019 gross levy represents 50.8% of the levy amount permitted under the legislation.

On a day to day basis, the Funding Board is not responsible for the governance of any of the entities named in the Act. The sole purpose of the Funding Board is to administer the provisions of the Act which primarily comprises determining the levy to be collected from Auckland Council, and then distributing that as grants to the Specified Amenities. Each of the Specified Amenities retains its own board of governance and management and is therefore responsible for the decisions made regarding the operations of the organisation. Decisions made by an amenity that may have operational funding implications do not automatically trigger an increase in grant funding to contribute to any increased costs associated with those decisions.

Similarly, increased public expectations of service delivery need to be tempered with the willingness of the public and other users to pay for such services. If other users of a service are unwilling or unable to increase the amounts paid, it does not automatically mean that increased grant funding will be made available through this regional funding process.
Additionally, the availability of regional funding via the Funding Board for the Specified Amenities does not replace the requirement for each of the Specified Amenities to continue raising funds from other sources. The Funding Board is aware that in some cases, the ability for some of the amenities to access those resources is becoming more challenging, in part because they are a recipient of funding via the Funding Board. Conversely, some of the amenities are particularly successful with their fundraising activities, thereby reducing reliance on this grant funding. The Board is cognisant of the statutory requirement that amenities must make all reasonable endeavours to maximise their funding from other available funding sources.

Grants provided through the regional funding provisions, are assessed on an annual basis. That means annual funding applications are assessed on their own merit, allowing changes in economic and environmental matters to be taken into account as they arise. It allows grants to either increase or decrease as the Board considers appropriate, noting that the Act does not stipulate that annual grant funding should remain at a minimum or constant level.

The relative certainty of obtaining on-going regional funding via the Act enables each of the amenities to plan both strategically and operationally. Over time that funding security has enabled amenities to demonstrate to the Funding Board significant improvements, both in regional reach and the quality of the services being delivered to residents of Auckland.

The grants distributed to the amenities are derived from a levy paid to the Funding Board by Auckland Council, and by extension, the ratepayers of Auckland. Both the Funding Board and amenities are aware of the source of this funding; accordingly, each amenity ensures that advertising, promotional material and funding acknowledgements recognise the role of Auckland Council and the ratepayers of Auckland.

The Funding Board recognises that for some of the amenities the grants are the largest single source of funding received. However, there are also numerous other partner organisations involved in supporting them and funding many aspects of the amenities work, some of which is highlighted in this plan. That is important, as the nature of much of their work is dependent upon developing and maintaining strong links with partners so as to ensure consistent and sustainable service delivery.

The Funding Board has not received any requests from Auckland Council to consider adding new Specified Amenities.
Auckland Council

The Funding Board remains mindful that it must act in accordance with the legislation and needs to fulfill its obligations to provide a mechanism for adequate and sustainable funding to the Specified Amenities. The Funding Board undertakes a thorough and comprehensive review of all applications received to ensure that the amount provided is justified and that the Board is fulfilling its legislative requirements. The Funding Board welcomes regular meetings with Auckland Council representatives to learn of the issues facing the Council as well as the goals and aspirations Auckland Council is hoping to achieve.

Principles of the Act

The funding principles are embodied in s.21 of the Auckland Regional Amenities Funding Act 2008. These principles are to be considered by the Funding Board and Auckland Council when assessing the funding applications and approving the total levy.

These principles are summarised below:

a) the primary purpose of the funding is to contribute to the expenses that the specified amenity must incur to provide its facilities or services;

b) funding is not available for capital expenditure; and

c) funding is not available for any part of facilities or services that the specified amenity provides outside the Auckland region; and

d) funding is not available for facilities or services that at any time in the five years immediately before the date on which the Funding Board or the Auckland Council applies this paragraph have been provided funding by –

   i. a Crown entity as defined in section 7(1) of the Crown Entities Act 2004; or

   ii. a department specified in Schedule 1 of the State Sector Act 1988; and

e) funding for the retention and preservation of a specified amenity’s library or collection takes priority over the amenity’s other expenses; and

f) funding is available only if the specified amenity has made all reasonable endeavours to maximise its funding from other available funding sources; and

g) total funding for all Specified Amenities assessed for a financial year must not exceed the maximum total levy for that year under section 34; and

h) Total funding for all Specified Amenities assessed for a financial year should have regard to Auckland Council’s proposed rates increases for the forthcoming year; and

i) Funding is available only if the specified amenity has made all reasonable endeavours to align its activities (in the Auckland region, and for which it seeks funding) with the objectives of the Auckland Plan, including by adopting relevant performance measures.

Note: (h) and (i) above were introduced by Auckland Council on 25 November 2012.
Allocation of Grants

The Funding Board has undertaken a rigorous examination of the applications made by the Specified Amenities and has made an allocation of grants for the 2018-2019 financial year.

The table on page 10 sets out the allocation of grants to each of the ten Specified Amenities. Any conditions placed on the grants or directions on how a portion of the grant is to be used by the amenity are listed after the table.

The Funding Board is aware that the key purpose of the Act is to provide a mechanism for adequate, sustainable and secure funding. The Funding Board believes that the levels of funding allocated in the Draft 2018-2019 Funding Plan, will satisfy that obligation for the majority of amenities.
## Provisional 2018-2019 Grant Allocations to Specified Amenities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Festival Trust</td>
<td>$3,337,000</td>
<td>$3,600,000</td>
<td>$3,437,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Auckland Philharmonia Trust</td>
<td>$3,112,000</td>
<td>$3,157,000</td>
<td>$3,157,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>Auckland Rescue Helicopter Trust</td>
<td>$450,000</td>
<td>$633,409</td>
<td>$450,000</td>
<td>$0</td>
</tr>
<tr>
<td>Auckland Theatre Company Ltd</td>
<td>$1,520,000</td>
<td>$1,780,000</td>
<td>$1,600,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>Coastguard Northern Region Inc.</td>
<td>$712,000</td>
<td>$763,935</td>
<td>$764,000</td>
<td>$52,000</td>
</tr>
<tr>
<td>Drowning Prevention Auckland - WaterSafe Auckland Incorporated</td>
<td>$1,050,000</td>
<td>$1,050,000</td>
<td>$1,050,000</td>
<td>$0</td>
</tr>
<tr>
<td>New Zealand National Maritime Museum Trust Board</td>
<td>$2,139,500</td>
<td>$2,603,725</td>
<td>$2,184,500</td>
<td>$45,000</td>
</tr>
<tr>
<td>New Zealand Opera Limited</td>
<td>$1,025,000</td>
<td>$1,260,000</td>
<td>$1,100,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Stardome - Auckland Observatory and Planetarium Trust Board</td>
<td>$1,239,000</td>
<td>$1,439,000</td>
<td>$1,363,000</td>
<td>$124,000</td>
</tr>
<tr>
<td>Surf Life Saving Northern Region Incorporated</td>
<td>$1,266,000</td>
<td>$1,653,000</td>
<td>$1,366,000</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,850,500</strong></td>
<td><strong>$17,940,069</strong></td>
<td><strong>$16,471,500</strong></td>
<td><strong>$621,000</strong></td>
</tr>
<tr>
<td>Funding Board administration budget</td>
<td>$315,000</td>
<td></td>
<td>$315,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Levy payable by Auckland Council</strong></td>
<td><strong>$16,165,500</strong></td>
<td></td>
<td><strong>$16,786,500</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Specific Conditions Attached to the Grants:

At the date of publication of the Draft Funding Plan, there are no conditions attached to the grants for 2018-2019.
Indicative Grant Requests for July 2019 to June 2021

Each year the Specified Amenities are required to indicate what level of funding they may seek in the subsequent two financial years, i.e. 1 July 2019 to 30 June 2020, and 1 July 2020 to 30 June 2021. The table below provides those indicative figures. Funding applications are considered on an annual basis so these indicative figures are subject to change.

However, future requests for any large increases in operational grant funding must have undergone sound, thoroughly worked through and open discussions with the Funding Board and Auckland Council before they are likely to be considered. No automatic increase in grant funding can be assumed by amenities.

<table>
<thead>
<tr>
<th>Specified Amenity</th>
<th>Indicative Grant Request: 2019-2020</th>
<th>Indicative Grant Request: 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Festival Trust</td>
<td>$4,000,000</td>
<td>$4,100,000</td>
</tr>
<tr>
<td>Auckland Philharmonia Trust</td>
<td>$3,257,000</td>
<td>$3,407,000</td>
</tr>
<tr>
<td>Auckland Rescue Helicopter Trust</td>
<td>$633,409</td>
<td>$633,409</td>
</tr>
<tr>
<td>Auckland Theatre Company Limited</td>
<td>$1,780,000</td>
<td>$1,780,000</td>
</tr>
<tr>
<td>Coastguard Northern Region Incorporated</td>
<td>$779,214</td>
<td>$794,798</td>
</tr>
<tr>
<td>Drowning Prevention Auckland-WaterSafe Auckland Incorporated</td>
<td>$1,050,000</td>
<td>$1,050,000</td>
</tr>
<tr>
<td>New Zealand National Maritime Museum Trust Board</td>
<td>$2,716,049</td>
<td>$2,833,990</td>
</tr>
<tr>
<td>New Zealand Opera Limited</td>
<td>$1,185,900</td>
<td>$1,312,218</td>
</tr>
<tr>
<td>Stardome-Auckland Observatory &amp; Planetarium Trust Board</td>
<td>$1,475,000</td>
<td>$1,510,000</td>
</tr>
<tr>
<td>Surf Life Saving Northern Region Incorporated</td>
<td>$1,688,000</td>
<td>$1,683,000</td>
</tr>
<tr>
<td>Total</td>
<td>$18,644,572</td>
<td>$19,104,415</td>
</tr>
</tbody>
</table>
Funding Levy

The maximum levy that can be charged for 2018-2019 and future financial years is specified in s.34(1)(c) of the Act, that is:

“...the amount equal to 2% of the revenue from rates of the Auckland Council in the previous financial year.”

In accord with the above requirement, the total maximum levy has been calculated as $33,020,000. This is based on the annual rates revenue identified as $1,651 million in Auckland Council’s Annual Report for the year ended 30 June 2017.

For 2018-2019, the Funding Board is proposing a gross levy of $16,786,500 (50.8% of the maximum) to be apportioned as follows:

- Allocated to ten Specified Amenities ......................... $16,471,500
- Administration costs ................................................. $315,000
- Total Auckland Council Gross Levy ......................... $16,786,500

LESS: Contribution To Levy from Funding Board............($350,000)

Net Levy Payable by Auckland Council ................. $16,436,500

The levy payable in 2017-2018 was $16,165,500. The gross levy for 2018-2019 is $16,786,500. This represents an overall increase of $621,000.

The Funding Board is accessing its retained earnings and contributing $350,000 towards the 2018-2019 levy, resulting in a net levy increase of $271,000, or 1.68% over 2017-2018. This distribution to Auckland Council will be made in July 2018.

The levies are payable to the Funding Board by the Auckland Council on 1 July 2018. The levies will be distributed as grants to the Specified Amenities no later than 15 August 2018.
## Financial Information

### Income & expenditure in relation to the levies received

<table>
<thead>
<tr>
<th></th>
<th>2018-2019</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levies receivable</td>
<td>$16,786,500</td>
<td>$16,165,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,786,500</td>
<td>$16,165,500</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
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<tr>
<td>Grants to be distributed to amenities</td>
<td>$16,471,500</td>
<td>$15,850,500</td>
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<tr>
<td>Honorarium</td>
<td>$178,250</td>
<td>$172,500</td>
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<tr>
<td>Audit Fees</td>
<td>$8,000</td>
<td>$8,000</td>
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<tr>
<td>Administration costs</td>
<td>$10,250</td>
<td>$9,500</td>
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<tr>
<td>Advisory Services</td>
<td>$56,500</td>
<td>$55,000</td>
</tr>
<tr>
<td>Legal and Consultancy</td>
<td>$62,000</td>
<td>$70,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$16,786,500</td>
<td>$16,165,500</td>
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<tr>
<td><strong>Net Surplus/(deficit)</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

For 2019-2020 and subsequent years, the levy has not been set. The setting of those levies will follow the guidelines prescribed in s.34 of the Act.

The Inland Revenue Department has determined that the portion of levy collected and then distributed to the Specified Amenities as grants ($16,471,500) is not subject to GST. That portion of the levy collected for administration costs ($315,000) is subject to the normal rules applying to the supply of goods and services and is therefore subject to GST.

On 21 November 2017, the Funding Board resolved to make a distribution of $350,000 from retained earnings to Auckland Council as a contribution towards the total levy payable by Auckland Council for those amounts to be distributed as grants to the Specified Amenities in 2018-2019.
The Board

The Auckland Regional Amenities Funding Board was established by the Auckland Regional Amenities Funding Act 2008. The members of the Funding Board are selected and appointed for a three-year term following a publicly notified and contestable selection and appointments process.

The members of the Funding Board are:

<table>
<thead>
<tr>
<th>Member</th>
<th>Term of office expires</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 May 2020</td>
</tr>
<tr>
<td>Mr Vern Walsh - Chair</td>
<td>●</td>
</tr>
<tr>
<td>Ms Anita Killeen - Deputy Chair</td>
<td>●</td>
</tr>
<tr>
<td>Mr Steve Bootten</td>
<td>●</td>
</tr>
<tr>
<td>Ms Victoria Carter</td>
<td>●</td>
</tr>
<tr>
<td>Ms Precious Clark</td>
<td>●</td>
</tr>
<tr>
<td>Ms Catherine Harland</td>
<td>●</td>
</tr>
<tr>
<td>Ms Lyn Lim</td>
<td>●</td>
</tr>
<tr>
<td>Ms Diane Maloney</td>
<td>●</td>
</tr>
<tr>
<td>Ms Megan McSweeney</td>
<td>●</td>
</tr>
<tr>
<td>Mr Bryan Mogridge</td>
<td>●</td>
</tr>
</tbody>
</table>

In accordance with the provisions in the Act, Auckland Council and the Amenities Board will undertake a process to appoint new Board Members within the timeframes stipulated in the Act. Existing Board Members are eligible for re-appointment.
Funding Board Members Remuneration

The rates of remuneration for members for the year commencing 1 July 2017 were approved by Auckland Council. The Funding Board is recommending that member remuneration be increased from 1 July 2018 as follows. The rates of remuneration are subject to approval by Auckland Council.

<table>
<thead>
<tr>
<th></th>
<th>2018-2019</th>
<th>2017-2018</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>$31,000</td>
<td>$30,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Deputy Chair</td>
<td>$23,250</td>
<td>$22,500</td>
<td>$750</td>
</tr>
<tr>
<td>Members</td>
<td>$15,500</td>
<td>$15,000</td>
<td>$500</td>
</tr>
</tbody>
</table>

Amount Payable to the Advisory Officer

No formal arrangement had been entered into with Auckland Council regarding the appointment of an Advisory Officer for the period 1 July 2017 to 30 June 2018 or subsequent periods. If Auckland Council does not require the Funding Board to appoint an Auckland Council nominated Advisory Officer, it may choose to make its own appointment.

The Funding Board has appointed Mr Leigh Redshaw to act as Advisory Officer for the period 1 June 2017 to 31 May 2018 at the rate of $4,492 per month, with the option for the parties to renew the contract for a further period.

Auckland Council provides other services to the Funding Board from time to time. The Funding Board will make full reimbursement as required, and pay for services as agreed. For example, the honorariums payable to Board Members are managed and paid through the Auckland Council payroll system. The Funding Board will fully reimburse Auckland Council for these and any other costs incurred on behalf of the Board.
Administration

Pursuant to s.25 of the Act, the Funding Plan must disclose the maximum amount of the Funding Board’s reasonable administrative costs.

For the 2018-2019 financial year, administrative costs have remained unchanged at $315,000.

The administrative costs cover the honorariums of members, plus the cost of the Advisory Officer and all other administrative costs, such as secretarial services, printing, advertising, meeting costs, legal and other consultancy or professional advice received.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levies for Grants</td>
<td>$15,850,500</td>
<td>$16,850,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Levies for Admin Costs</td>
<td>$315,000</td>
<td>$315,000</td>
<td>$315,000</td>
<td>$315,000</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>$16,165,500</td>
<td>$16,766,500</td>
<td>$315,000</td>
<td>$315,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Grants distributed</td>
<td>$15,850,500</td>
<td>$16,471,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>$40,000</td>
<td>$35,000</td>
<td>$33,000</td>
<td>$33,000</td>
</tr>
<tr>
<td>Advisory Officer</td>
<td>$55,000</td>
<td>$56,500</td>
<td>$58,000</td>
<td>$59,500</td>
</tr>
<tr>
<td>Consultants</td>
<td>$30,000</td>
<td>$27,000</td>
<td>$20,000</td>
<td>$12,500</td>
</tr>
<tr>
<td>Board member fees</td>
<td>$172,500</td>
<td>$178,250</td>
<td>$184,000</td>
<td>$189,000</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>$9,500</td>
<td>$10,250</td>
<td>$11,000</td>
<td>$12,000</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$16,165,500</td>
<td>$16,786,500</td>
<td>$315,000</td>
<td>$315,000</td>
</tr>
<tr>
<td><strong>Surplus/ (deficit)</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
The Amenities Introduced

The 10 Specified Amenities funded under the Auckland Regional Amenities Funding Act 2006 provide a wide range of experiences and services to people across the greater Auckland region each year.

Each Specified Amenity that the Funding Board proposes will receive a grant in 2018-2019 has prepared a brief outline regarding the activities that it plans to undertake during that period.
Auckland Festival Trust

The Auckland Arts Festival (AAF) produces and presents a world-class arts festival that engages Aucklanders in the arts, their communities and their city. The Festival programme reflects Auckland’s many communities, reaches across the entire Auckland region, and builds future audiences for the arts.

As a major commissioner of new work and a significant arts employer, AAF supports Auckland/NZ artists and arts practitioners with a focus on developing and staging Māori, Pacific and NZ Asian work. Since 2003 AAF has engaged more than 1.7 million people enhancing the liveability and vibrancy of the city and increasing Auckland’s standing as a major (and growing) international cultural destination. AAF has a clear commitment to engaging a skilled and diverse workforce, commissioning and delivering a programme that reflects contemporary Auckland and ensuring greater accessibility to Auckland’s many diverse communities.

The nature and scope of services provided by Auckland Festival Trust include:

1. Curating and presenting a leading international festival of arts in Auckland every year
   a) Programming and staging outstanding domestic and international work across a range of genres
   b) Collaborating with national and international arts organisations to programme work not ordinarily available in Auckland
   c) Attracting the participation of a wide range of international and NZ artists and companies

2. Creating and producing world-class New Zealand and international work
   a) Identifying and producing new work; especially from Māori, Pacific and NZ Asian artists
   b) Working in collaboration with artists, arts organisations and arts practitioners to develop new work across theatre, dance, music, visual arts and cabaret
   c) Showcasing Aotearoa work to national and international producers, facilitating international partnerships and supporting touring

3. Growing participation through engaging, entertaining, and inspiring audiences
   a) Programming to reflect, express and engage with the communities of Auckland
   b) Providing a programme for a wide range of tastes
   c) Providing a programme that attracts a wide demographic
   d) Delivering an education programme to promote learning and audience growth
   e) Delivering work to audiences across Auckland through outreach programmes

4. Providing arts leadership and championing the arts
   a) Attracting and retaining staff and Trustees with appropriate skills to benefit of the wider arts and events sector
   b) Being an active advocate for the arts sector across media, local and national government and internationally
   c) Mentoring and training artists and arts workers, and providing professional development for AAF’s own staff
d) Supporting and working with other events that align with AAF’s vision and are at no financial risk to AAF

The 2018 Festival will stage in excess of 60 events (160 performances), generating an estimated $3.7 million in box office income with additional flow-on benefits for venues. Planning is progressing for the 2019 Festival that will be held in March 2019, during the 2018-2019 financial year.

As an annual festival, AAF is a major employer in the arts and events sector providing event and arts management experience at an international level. Over the years, permanent staff has increased from six to 15. Fixed term and part-time employees and contractors account for another 180 to 220 positions ranging in tenure from one week to nine months per annum. This more regular employment is allowing AAF to increase training and up-skilling opportunities in arts administration, technical production and marketing and communication to the long-term benefit of the whole events/arts sector. AAF’s management of projects such as the 2017 World Masters Games fan zone at Queens Wharf also contributes to the development of event and arts management skills.

AAF is recognised as developing an increasing number of future arts leaders who, as part of their employment, are encouraged to join industry-related boards, travel internationally on exchange and central and/or foreign government programmes, and use their specific arts and events skills to mentor and provide advice to emerging artists and arts organisations. This is particularly so in the areas of Pacific and Māori theatre and dance.

AAF will continue to actively broker employment and internship opportunities at the conclusion of each Festival on behalf of its fixed-term contract staff to ensure where possible a skilled workforce is retained in Auckland and NZ.

AAF works with a wide range of artists and companies to develop and stage new New Zealand work, ensuring that these have the potential to tour beyond any AAF season. AAF is an active partner in these works providing financial support and production, producing and marketing services and mentorship (including where appropriate cultural advice) from the Festival’s expert staff. AAF is actively engaging and mentoring new producers, in particular Māori and Pacific producers, of which there are currently four on staff.

With an annual festival AAF is also realising the opportunity to develop more work in partnership with other leading arts organisations (both in Auckland and nationally) rather than as standalone projects. This model builds on successful projects with the Auckland Philharmonia, Silo Theatre, Tawata Productions and the NZ Festival.

AAF is working closely with the New Zealand Festival (Wellington) to co-commission and present new New Zealand works on a long-term basis. This not only amortises costs but enables greater investment into new work and longer performance seasons for participating artists.

Through its internationally experienced staff, AAF provides advice and support to Creative NZ, domestic and international festivals and arts organisations to ensure that performance and touring opportunities are maximised for artists and companies that AAF has worked with and/or mentored.
There is demand for cross-cultural arts and entertainment opportunities to meet the fast-changing demographics of Auckland. The city is one of the most culturally diverse in the world. Māori and Pacific make up more than a quarter of the population, and the Asian population is growing rapidly at 23%. Unfortunately, Māori, Pacific and Asian audiences are underrepresented in national figures of arts audiences.

AAF has a proven record of commissioning, developing and staging Māori and Pacific work and presenting work from Asia-region companies. This commitment to a diverse line-up of artists means the festival is relevant to a wider cross-section of Aucklanders and this can be seen in our diversity statistics from post-festival research. While the diversity of AAF’s audience is not yet a match with the actual demographics of the city, the progress is encouraging.

Further dialogue with communities across Auckland has helped AAF become more relevant, developing work that is wanted and participated in, such as Whānui and the 2018 commission of the play Tea by Sri Lankan-New Zealand artist Ahi Karunaharan.

We are committed to a diverse workforce so that AAF has many perspectives being shared in the creative process and points of connection with communities.

2019 programme planning includes two major works from China, a physical theatre production from Shanghai using A Midsummer Night’s Dream as its basis and a spectacular contemporary dance work from internationally acclaimed choreographer Yang Liping.

There is still opportunity to provide significantly more high-quality arts experiences for children and young people, and their families.

The frequency of childhood art experiences is an important predictor of adult attendance and participation. For young New Zealanders 10–14 years old, the two biggest influencers in the arts are their parents (78%) and their teachers (72%). (Creative New Zealand report on arts participation)

AAF recognises that there is much potential to grow work for these audiences and their families.

2018 will see an expansion of AAF’s programme for young people and their families. This includes the dedication of the Bruce Mason Centre as a ‘family hub’ for the festival. In 2019, AAF will continue and expand this programme which provides reliable, entertaining and high-quality work for young people. The touring of work for young people around suburban and regional Auckland centres will become core to the programme.

An expansion of the education programme over the coming years is a priority as AAF seeks to engage more schools and more students. The intended programme growth will take the attendances from 8,000 in 2018 to 10,000 in 2019.
Key elements of the 2019 Creative Learning Programme

a. The 2019 Festival Creative Learning Programme will include:
   • Subsidised performance tickets to shows that could not be seen outside of the Festival
   • An extensive visual arts programme including AAF commissioned works and seminars around these
   • International works specifically programmed for young people with both family and dedicated schools’ performances presented Regionally
   • Development of curriculum-based resources
   • Workshops with national and international artists
   • Opportunities to participate in the creation of work which will be presented at the Festival (e.g. Whānui)
   • Partnerships with other Auckland based arts companies, including the APO and ATC, to increase attendances and ongoing educational opportunities for students

b. Internships for tertiary students studying in technical, administration, marketing and publicity areas. In particular, AAF will seek opportunities to engage students from Māori and Pacific organisations such as Toi Māori Aotearoa.

c. Career related programmes in arts administration, marketing and stage production.

Key Elements of the 2019 Community Programmes

a. Free street theatre performances for families to participate in.
b. A regional tour of Auckland communities far from the CBD with a popular family show.
c. A volunteer’s programme which engages the community directly in events including Festival Playground, Whānau Day and major outdoor performances.
d. Inclusion of a major low-cost community event in each Festival programme.

Greater Accessibility

The Festival is committed to delivering to more Aucklanders through a comprehensive Arts Accessibility programme. This includes work suitable for Auckland’s deaf and vision impaired communities, consisting of touch tours, audio described and sign language interpreted performances as well as introductory written notes and half-price concession tickets for companions or support workers.

In 2018 we will introduce relaxed performances at the Bruce Mason Centre for audiences that may benefit from a more relaxed environment including (but not limited to) those with autism, sensory and communication disorders and learning-disabled people. In 2019 we intend to expand this initiative to at least two other venues.
Auckland Philharmonia Trust

The Auckland Philharmonia Orchestra (APO) is the country’s designated Metropolitan Orchestra, serving the largest and most vibrant city in New Zealand with more than 70 concerts and events throughout the year. At the core of our work, are self-presented concerts with a broad range of performances including both classical and contemporary concerts, new music premieres and artistic collaborations.

Equally important is our community and outreach work. Through our Connecting Department, APO presents the largest orchestral education and outreach programme in New Zealand which benefits, on average, more than 20,000 Aucklanders. The programme operates throughout Auckland, with special emphasis on South Auckland.

APO’s digital reach has expanded enormously over the past 12 months, with reach (local, national and international) growing from 35,000 per annum to well over 150,000 per annum and in doing so contributes to awareness and attractiveness of Auckland as a vibrant and attractive place to live.

The Auckland Plan articulates Council’s ambition for Auckland to become a world-class city where talent wants to live. For New Zealand, we need to be a city able to compete with other global cities, attracting skill, entrepreneurship and investment from within New Zealand and abroad, and capable of retaining the best and brightest of our people. The Plan acknowledges that the Auckland Philharmonia Orchestra is a cornerstone in Auckland’s cultural infrastructure, and recognises APO as one of the leading arts organisations that “insists confidence in us of our place in the world, and are crucial to competing in the international arena.”

With the fast pace of change in the Auckland demographic, a key challenge for an orchestra is to maintain relevance. APO reviews its programme of offering annually and makes changes to adapt to Auckland’s changes.

The variety of APO’s offering across targeted age groups, demographics and physical locations helps us to meet this challenge. Introduction of specific family focused events in the 2018-2019 year will help us to keep developing solutions to this challenge, as will our focus on developing strategic relationships with the Chinese community.

Some of the APO’s key programmes that make a significant contribution to Auckland are relatively costly and we are unable to charge commercial ticket prices, e.g. Dance Project, Remix the Orchestra, and other Māori and Pasifika community programmes. To continue this important work, we need to be able to secure project funding each time. So far, we have not been able to do this for 2018-2019 as past sources of funding for them no longer exist, so our overall offering to these important communities is diminished for the time being. We are working on solving this issue as we do see it as a key strategic contribution to the city - however we do not have the funds available to invest in these projects without additional income.
General Industry Challenges
As Auckland continues to grow and develop as a super city and into the world’s most liveable city, APO faces a number of challenges and opportunities. Some of these are listed below:

- Auckland’s arts and entertainment scene continues to thrive and the amount on offer continues to increase. This is great news in that the arts are more to the forefront of people’s minds as entertainment options but also offers competition from other performing art forms (theatre and dance), as well as music. While Auckland is a metropolitan city with exceptional arts offering, it is also a relatively new and small one; audiences are still developing. APO has adopted a cautious approach in planning any increased activity in 2018-2019.
- Pressure on parking near our major venues causes a public perception that it’s hard to attend APO events. This is being mitigated through active talks with Auckland Live and inclusion of parking and transport options in APO promotional material. However, it is a major issue outside the control of APO.

In-depth learning provision for schools
One significant unmet service need in Auckland is demonstrated by the high demand for pre-concert visits by our musicians to the low decile schools which have booked in for our education concerts. These visits familiarise students with the orchestra and repertoire ahead of the concert and greatly deepen understanding, enjoyment and engagement.

Most of the schools do not have specialist music teachers, and although we do provide a written resource for the schools, the teachers do not have the confidence or appropriate skills and training to deliver them. Our musicians also need training to deliver this work. Being a great player on stage is a different set of skills from being a great communicator in a classroom.

This year, for just one of our concerts, Connecting with Music, we had 24 schools request pre-concert visits of APO musicians but due to resource constraints, we were only able to provide this to nine schools. This demand has increased from 15 requests for pre-concert visits for the same concert, in 2016.

We plan to address this need by increasing the number of trained musicians that can deliver this resource, and increase the number of visits to meet demand.

Working with Te Kura Kaupapa Māori (TKKM) Schools
In 2017-2018, we have started building relationships with schools who teach Te Marautanga o Aotearoa. In early 2017, we conducted two workshops in TKKM schools aligned to the Auckland Dance Project ‘Awa – When Two Rivers Collide’. In 2018, we would like to build the relationships with these schools and start building partnerships with TKKM schools. Currently the APO doesn’t have the staff expertise in Te Marautanga or fluent Te Reo speakers to develop these relationships, however we are committed to working in this sector.

We acknowledge we need to develop relationships and demonstrate both our commitment to and understanding of the kaupapa the schools operate within. “The most effective way to engage with Māori is by investing in relationships with Māori – rather than by making the task of engagement the focus of investment” - Te Puni Kōkiri (TPK).
To further support this engagement, we are planning to develop a new initiative for our Kiwi Kapers concert series.

Kiwi Kapers is a concert for primary and intermediate aged students. The concert is intended to be an engaging and interesting introduction to the orchestra. In 2018-2019 Kiwi Kapers will incorporate a mini-version of the Auckland Dance Project. Part of the Kiwi Kapers package for schools is a teacher resource. This teacher resource accompanies the concert and is sent to schools who have booked to attend the concert in advance of the concert taking place. In 2018-2019, subject to funding being found, we will produce two Kiwi Kapers teacher resources for school’s delivery; one each for the NZ Curriculum (for English medium schools) and Te Maruautanga o Aotearoa (for Māori medium schools). Both the resources will cover the same repertoire however each resource will be developed to align to the different curricula.

To support this, and to further our relationships with TKKM schools, we will work with a teacher trained in Te Maruautanga o Aotearoa. This, it is hoped, will ensure that the concert programme is relevant to these schools and encourage concert attendance leading the way to develop deeper partnerships in future years. One long term strategic aim we have is to include TKKM schools as part of our APOPS initiative and it is hoped that working with a teacher trained in Te Maruautanga o Aotearoa we will be able to find ways of facilitating workshops and mentoring in these schools in the future.

Additionally, in our Connecting concert presentation we plan to incorporate more Te Reo into the concert scripts. This is regardless of whether TKKM schools are booked to attend the concert.

Unmet needs linked to APO mainstage offering
Aucklanders have numerous and varied touchpoints with the APO which enables a year-long interaction with the orchestra but, on closer analysis of the ‘APO Life Cycle’ and ‘APO’s engagement by Auckland’s diverse ethnicities’, there are three areas of unmet needs that the orchestra feels able to address:

1. Family concerts for children and their caregivers
The APO has a loyal following for its APO 4 Kids concerts which demonstrate the colour and variety of the full symphony orchestra in a narrated and interactive concert for under-sixes. Feedback from those attending is that they don’t have any Auckland based relevant orchestral product to take their children to once they have outgrown APO 4 Kids, and they are still too young to attend a full length orchestral concert. We plan to bridge this gap by introducing two new products for the 2018-2019 funding year:

- The Gruffalo and The Gruffalo’s Child: Targeting children aged 5-10 years
  Auckland Town Hall, two performances July 2018
  Join the APO as it ventures into the deep dark wood with the acclaimed animated films based on the books The Gruffalo and its delightful successor The Gruffalo’s Child by Julia Donaldson and Axel Scheffler. Children and parents alike will be captivated as two of their favourite story books come to life on the big screen.

  The Gruffalo tells the story of a mouse who goes in search of a nut. Along the way, he is confronted by several hungry animals who invite the mouse home for a meal, but the
mouse is far too cunning to believe their tricks! The Gruffalo’s Child follows the adventures of the Gruffalo’s young daughter, who one wild and windy night, ignores her father’s warnings and bravely tiptoes out into the snow in search of the Big Bad Mouse. The whole family will be enchanted by René Aubry’s magical scores performed live by APO. Both movies will be projected onto a big screen above the stage.

- Lemony Snicket – The Composer is Dead: Targeting children aged 10+ years
  Bruce Mason Centre, two performances October 2018: A Symphonic Murder Mystery!

  "I have been asked if I might say a word or two about the text of The Composer Is Dead, and the one or two words are "Boo hoo." The story — which, as far as I know, is absolutely true — is so heartbreakingly glum that I cannot imagine that you will be able to listen to it without dabbing at your tears with a nearby handkerchief." — Lemony Snicket.

  What dreadful news! Who killed the Composer? With dramatic music, mystery and Lemony Snicket’s signature dark humour, the Inspector must investigate the entire orchestra as he searches for the murderer in The Composer is Dead. As the Inspector interrogates each section of the orchestra about what they were doing during the night of the murder, the instruments defer the blame, give alibis and offer up reasons why they could not possibly be the culprit.

  Written by Lemony Snicket (author of A Series of Unfortunate Events) with music composed by Nathaniel Stookey, this orchestral musical mystery is sure to enchant and entertain the young and the young at heart.

2. Broadening the Concert Offering

APO is constantly evaluating its products to ensure it is appropriate for as broad a demographic as possible and appropriate for all of Auckland. After a sell-out performance of Final Symphony (based on the music from the Final Fantasy computer games) in 2016 and a sold-out performance of Bowie Starman in 2017, it is increasingly obvious that there is an appetite amongst those in their twenties and thirties to experience the excitement of live orchestral music within a more familiar genre: popular culture. With this in mind, and again considering the ‘APO Life Cycle’, the APO plans to introduce APO Late:

APO Late will have a very different look and feel to the orchestra’s usual product that is presented in the Town Hall with a much more relaxed atmosphere, different lighting and a different concert format that will include no seating in the stalls area to give a ‘gig’ feel.

- APO Late with Leisure: Targeting 18-35 year olds: Auckland Town Hall
  Leisure is an Auckland-based band with an upbeat sound with hints of Soul, RnB & Pop.

  The Orchestra will open the performance - performing a couple of short works - contemporary and cool, that will perfectly complement the sound of Leisure. The band and the orchestra will then play a set together. The event will close with the band playing a solo set.

  The first of these concerts will be taking place in calendar 2018. If there is positive audience response we will continue this kind of offering in the 2018-2019 year.
3. Develop Chinese Audiences
APO is aware of its need to foster closer links with the Auckland Chinese community to help increase engagement and drive ticket sales from this underrepresented group at APO events. To ensure that this is being approached in a unified way across the organisation, a ‘Chinese Community Engagement Strategy’ has been developed in 2017 and will be rolled out over an initial three-year period.

Some of the main strategic aims of this strategy can be summarised as follows:
- Increase audience numbers from the Chinese community at APO mainstage and community events
- Raise awareness of the APO amongst key Chinese decision makers at a local and national level
- Develop close and meaningful working relationships with relevant Chinese communities
- Gain greater insight into this important community and how best to engage its members

Research, and anecdotal evidence, all point to the need to communicate with this community from respected members from within the community. To facilitate this, the APO has secured funding from CNZ and a Business Partner to appoint a Chinese Audience Relationship Coordinator (part time - one of the APO’s several Chinese musicians).

APO 4 Kids (revised activities in South and/or North Auckland)

In 2018-2019 the APO 4 Kids concert series will happen in North, West and Central Auckland and are a vital part of the APO’s engagement with pre-schoolers and their whānau. A revision in the 2017-2018 programme will mean an additional component for these events: four musicians will showcase their instruments in the foyer, offering the chance to hear and see the instruments up close and engage with the musicians. Additionally, a Creative Corner where children will be able to make a musical instrument or other props to be used during the concert will form part of this set of pre-concert activities.

If additional funding is secured from a charitable trust, in December 2018 the APO will offer a free Christmas concert for preschools of the Wiri area at the Vodafone Events Centre with free bus transport provided. Part of this experience will be pre-concert visits to the preschools from APO musicians and APO Connecting staff members.

Revised APO Adventures - APO Community Classics (activity in South and/or North Auckland)

In 2018–2019 our revised APO Adventures, now called APO Community Classics, will bring the APO into the Communities of West, South and Central Auckland. A free, one-hour long concert of orchestral favourites will include a “Sing with the APO” component where singers from the community can register to take part in a workshop followed by a performance with the APO at the Community Classics concert. This new approach aims to establish a deeper connection with the different communities through providing an opportunity for the singers to work and perform with the APO on stage.
Inspire Partnership Programme

Entering its fifth year in the 2018-2019 period, the partnership programme with the University of Auckland School of Music will continue and is designed to nurture and support young musicians towards a career in music. There will be continued mentoring, workshops, masterclasses, open rehearsals and other opportunities to engage with APO musicians, composers and visiting APO artists offering the participants a unique tailormade programme which will enhance and support their music studies.

Composition Programmes (Auckland Secondary Schools Composition Competition, Our Voice, Meet the Composer etc.)

In 2018-2019 the APO will continue with its extensive engagement with composers from across the educational spectrum. Our composer programmes are a series of activities and events designed to support the development of New Zealand music. Initiatives will include a Secondary Schools Composition Competition, Our Voice workshops for both tertiary and secondary school students, one-to-one mentoring with the APO Communities Composer and a residency for an aspiring young composer (Rising Star). “Our Voice” was an addition to this programme in 2015, and one which will continue to provide both tertiary and secondary school composition students with the opportunity to develop their works and hear them performed, workshopped and recorded live in 2018-2019.

Communities Composer

Partly replacing APO Composer in Residence position, a new position within the APO Connecting programme will start in January 2018 called the Communities Composer and will continue through the 2018-2019 funding period. There will be opportunities for the selected composer to work within diverse communities in Auckland to develop their musical voices, as well as create works for ensembles and full orchestra. In addition, the Communities Composer will be an active and important mentor for the young aspiring composers participating in the Our Voice and Rising Star programmes.

APO Orchestral Summer School

This unique week-long summer school will continue in January 2019 and will provide up to 55 young musicians with the opportunity to rehearse and perform with APO musicians.

Feedback from previous years has shown that there is an unmet need in engagement of secondary school students in their final year of school/pre-tertiary. 2018-2019 will therefore continue to focus on a slightly older age group to address this continuing unmet need with students now being within the 12-17 age group category. The finale concert will not only feature these young musicians but also provide the APO Young Soloist of the Year, APO Piano Scholar and APO Rising Star Young Composer-in-Residence with the opportunity to compose and perform with a full symphony orchestra.

Conductor Leadership Programme

In November 2018 and with new, local funding, this renamed programme – Can you be the Conductor? – aims to build on the work of the previous Conductor Leadership Experience
Programme and give five students from Onehunga High School the opportunity to work with one of the APO’s conductors and have the chance (programme permitting) to conduct the orchestra at one of its rehearsals. Students are required to keep a log of their progress as conductors and relate to the impact this new skill has on general leadership qualities that they will develop.

**APO Young Achievers, APO Orchestral Internships and APO Young Soloists**

Throughout the 2018-2019 period this extensive programme provides encouragement and opportunities for identified talented musicians aged 16-25 to perform in traditional settings as well as street and community venues. These multi-locational performances develop young musicians’ performance experience and capabilities; further expanding the way in which the APO Connecting programme engages with music in Auckland’s diverse communities.

**Education concerts on the main stage**

APO’s Kiwi Kapers (for primary and intermediate students), Discovery (intermediate and secondary students) and Connecting with Music (secondary students from low-decile community schools) concerts will continue in the 2018-2019 programme to be offered with funding support from various trusts. Each concert has either a study guide or pre-concert visit component and offering these extras enables the students attending to potentially engage with the music and/or APO musicians prior to the concert, whilst also providing music teachers with an additional music education teaching resource for their school. With additional funding, we are aiming to be able to continue offering free tickets and bus transport to our Kiwi Kapers concerts for decile one and two community primary schools. This will open up the opportunity for students, who would normally not be able to come to a concert, to experience orchestral music live, many for the first time.

**Unwrap Resource**

Through 2016-2017 with support from funders, the APO has produced two written study guides to be used alongside a video of one of our “Unwrap the Music” concerts that feature an orchestral work relevant to the New Zealand curriculum. This visual guide is narrated and designed to be used in a classroom context. In 2018-2019 we plan to continue to create this resource (as funding permits) and make it available to schools New Zealand wide.

**APOPS**

In 2018-2019 the extensive APOPS programme will partner with up to 65 schools/youth groups and will continue its strong presence across the Auckland region. APOPS provides mentoring and ensemble performances for schools and youth music groups as well as ticketing opportunities to attend the Connecting Education concerts. Any further growth of this programme will not be possible without additional resources.

**Auckland Dance Project**

The APO is planning a pared-down Auckland Dance Project collaboration with Moss Te Uuruangi Patterson in September 2018, subject to confirmation of additional funding through a charitable trust. The dance performance will be presented within the second half of APO's
Kiwi Kapers concerts and will include young performers from the community. Although the APO has an appetite to offer a standalone, large-scale Auckland Dance Project, such as March 2017’s ‘Awa: When Two Rivers Collide’, as part of its core programme in 2018-2019, this will not be possible due to funding constraints.

Chinese Communities

Subject to continued additional funds being sought: the APO has three planned chamber performances with accompanying education workshops to be delivered specifically for the Chinese Community. These workshops will be delivered by one or more of the APO’s Chinese players and will also involve translation of marketing and relevant education materials. Delivery of the workshops and performances will take place in locations that have been strategically chosen for familiarity and to allow easy access for the community to encourage as many of its members to attend as possible.
Auckland Rescue Helicopter Trust

The purpose of the ARHT is to provide a rescue helicopter service to the communities of the Greater Auckland region.

ARHT owns and operates two BK117 helicopters to provide rescue helicopter services. It provides a fully integrated Helicopter Emergency Medical Service (HEMS) by the provision of all necessary medical equipment, and a doctor/paramedic team on board.

It holds a service contract with the National Ambulance Sector Office (NASO), and recovers approximately 50% of its operational costs through this contract.

It provides search and rescue capability for NZ Police and the Rescue Coordination Centre NZ. It provides hospital transfer service for the various DHB’s, primarily collecting unwell patients from outlying areas and bringing them into the Auckland or Starship Hospitals.

Central Government, through its agency NASO, is to issue a tender for the supply of air ambulance services. This represents a significant challenge for participants in the sector and it remains unclear as to what changes NASO is likely to make. ARHT has participated in the “CoDesign process” and from this a business case was planned for presentation to Cabinet in November 2017 with a tender issued thereafter. All current air ambulance providers will need to submit a bid to continue providing services. Whilst ARHT is confident of its position, there is nevertheless risk to the organisation as a result of this competitive process. A secondary risk through this process is the unsettling effect it could have on the public support that ARHT relies on for 75% of its income.

The Auckland Rescue Helicopter Trust faces a number of issues that affect the funding period relevant to this application:

1. ARHT receives a “fee for service” from the National Ambulance Sector Office (NASO) for the provision of rescue helicopter services. We hold a contract with NASO to provide these services which is set to terminate at the end of March 2018 although we have been asked to extend that to October 2018 during the transition period to the new contract.

   In late December 2017 NASO advised that tender documents (RFP) would not be released as had been anticipated and an update on progress would be posted in February 2018. The contract for the service period commencing November 2018 was to have been awarded in May 2018 but due to the RFP delay, the timing is now uncertain. ARHT’s intention is to submit a bid to carry on providing services that it currently undertakes. With more than 45 years of experience in the business we expect to be the successful tenderer but this cannot be taken for granted.

2. For a number of years now, ARHT has signalled its intention to replace its aging BK117 helicopters. In the past year that project has gained significant momentum to the point that we have now committed to the purchase of two AW169 helicopters. We anticipate commencing operations of the first one of these in October 2018, and the second one in January 2019.
ARHT will fund the purchase of these helicopters mainly from cash reserves and money received from selling its two BK117 helicopters. The total value of the purchase is approximately NZD$28 million and we anticipate having around NZ$5 million of debt.

In comparison with the last few years ARHT is a significantly different organisation financially than it has been. In the past ARHT has been a very cash rich organisation as it has saved hard to build a nest egg to finance new replacement helicopters. At the peak of this saving campaign it had in excess of $20 million dollars in the bank. This position has now changed completely and the organisation will move from being a cash rich, asset poor one, to one which is cash poor and asset rich.

The Funding Board grant helps to fund the missions we fly in the Auckland Wards. For every hour we fly in Auckland Wards ARHT needs to fundraise $4,528.

In 2018-2019 we anticipate that we will fly approximately 560 hours to service around 720 Auckland missions. To do this we need to find a total of $2,533,635.
Auckland Theatre Company Limited

Auckland Theatre Company (ATC) is an artistically led, audience focused company. The Company’s purpose is to create and deliver a strong artistic programme which engages directly with its audience; thereby generating the greatest impact for the audiences, participants and communities served.

The Company operates the ASB Waterfront Theatre, where it collaborates with producing partners to present a varied programme of work which sits alongside ATC productions. Presenting partners over the last year have included Black Grace Dance Company, the Royal New Zealand Ballet, Opera New Zealand, Auckland Arts Festival, Hawaiki TJ, and the New Zealand International Film Festival. Upcoming presentations include performances presented by the Amici Trust and Lunchbox Productions.

The ATC Producing Programme (Subscription Season, Creative Learning, New Works and Open House) deliver to the Company’s mission via the impact of the following activities:

1. The Subscription Season presents work of a scale, production standard and artistic ambition which few other companies in New Zealand would attempt. It also champions New Zealand stories for the main stage; and in 2018-2019 will place continued emphasis on presenting works by New Zealand playwrights including Māori and Pasifika artists.

2. The activities of the Creative Learning programme contribute to the broader development of the arts sector and arts infrastructure. Its unique framework for designing and delivering a range of activities in primary and secondary schools, in tertiary institutions and in community and other settings also delivers specific benefits to audiences and participants, and develops artform practice in New Zealand.

3. The New Works programme offers development pathways for creating and presenting new writing. Its responsiveness to the needs and creative processes of a wider group of contemporary writers will enable the Company to successfully collaborate with other arts organisations, develop new markets and audiences in New Zealand, and give voice to uniquely New Zealand stories on stage.

4. Activities initiated through the Open House Programme directly support the development of independent artists through the provision of theatre making resources, and supports community engagement via access to complementary programmes and participatory activities.

To maximise revenue sources Auckland Theatre Company hires out the ASB Waterfront Theatre for meetings, conferences and exhibitions. It partners with ATI Hospitality Limited to provide a full food and beverage service at the theatre and earns additional revenues from providing carparking and ticketing services to users of the ASB Waterfront Theatre.

The annual Auckland Theatre Company season contributes to a vibrant arts and culture scene for the broader Auckland community and is recognised as an important component of what makes a successful and liveable city.
The ASB Waterfront Theatre is an essential community facility for the Auckland region; providing a flagship mid-scale theatre for the region for presentation of high quality performing arts, entertainment, and cultural performances.

Auckland Theatre Company activities entertain and inform Auckland audiences while simultaneously nurturing artists and cultivating theatrical innovation.

Auckland Theatre Company Creative Learning programmes facilitate learning, participation and engagement opportunities for young people and a diverse range of community groups.

Auckland Theatre Company is a cornerstone of Auckland’s creative economy and contributes to the organic vibrancy of the Auckland region.

The outcomes of the 2015 Creative New Zealand (CNZ) Theatre Sector Review has resulted in investment priorities over the next five years which focus on strengthening:

- audience demand for New Zealand theatre; the diversity of theatre works presented by organisations filling a ‘main centre’ theatre key role — in particular Māori and Pasifika theatre and work that engages with New Zealand’s diverse communities; and collaboration within the theatre sector.

Auckland Theatre Company has responded with a revised annual programme which focuses on greater development and professional presentation of new work, collaborations with emerging artists and professional organisations, and creative learning activities for diverse communities.

An unmet need which Auckland Theatre Company continues to explore is in relation to the Company’s role in delivering to those aspects of the Auckland Plan which identify the role arts can play in developing young people and community connectedness. A key component to be explored is community access to the ASB Waterfront Theatre as a facility servicing the Auckland region.

Auckland Theatre Company plans the following activities to deliver to the Funding Principles and assessment against the proposed 2018-2019 Key Performance Indicators.

- A subscription season programme of 117 performances per annum playing to a budgeted audience in excess of 48,500 patrons, with a strong selection of New Zealand plays, contemporary works and classics.
- A nationally renowned creative learning programme delivering over 104 event days to 10,960 participants.
- A new works programme investing in the development of uniquely New Zealand stories and artists for the Auckland stage.
- An open house programme offering access to theatre making resources to 2,580 participants.
- An arts partnerships programme to successfully collaborate on the delivery of 110 events at the ASB Waterfront Theatre.
- A community facility available to the Auckland region which provides much needed meeting and performance space in the city centre/CBD and fosters community activity and participation.
o Employment of over 390 performers, creative personnel, technicians and venue staff per annum in the theatre production and presentation.

o A full time, fully professional theatre company in the region, playing a role in the retention of a skilled workforce which looks to cities having a range of arts and culture options available for discretionary leisure time activities.

Auckland Theatre Company’s programme, audience development, and outreach activities to engage and serve Auckland communities in 2018-2019 are as follows:

- The Company’s Mana Whenua Cultural advisor will continue to facilitate opportunities for Māori to engage with the activities of Auckland Theatre Company and to perform at the ASB Waterfront Theatre;
- The Company will continue the roll out of its Māori and Pasifika Engagement Strategy (developed for Creative New Zealand) which will further enhance relationships with artists and audiences, particularly for performances taking place at the ASB Waterfront Theatre;
- The Company will continue to provide accessibility information and services to audience members and visitors to the ASB Waterfront Theatre;
- The New Works programme will prioritise support of Māori and Pasifika artists to foster development of performance work which is relevant to these audiences and communities;
- The Company will target Asian performing arts and community groups to perform at the ASB Waterfront Theatre as a way of building relationships with the many diverse Asian communities and audiences in Auckland;
- The Creative Learning programme will continue to tour performances to schools across the wider Auckland region, specifically engaging with young audiences from diverse backgrounds;
- The Company will retain its commitment to creating engagement opportunities for young people across the region through specific activities such as the HERE AND NOW FESTIVAL and the annual summer school;
- The Company will continue to collaborate with other organisations through the Arts Partnerships programme to facilitate opportunities for presentation of work drawn from diverse backgrounds; and
- The Subscription Season will continue to be monitored across five key demographic areas (age, gender, education, ethnicity and income) to ensure it reaches as broad an audience as possible.

Auckland Theatre Company 2018-2019 Activity Summary

The following highlights selected activities from both the ATC Producing and ASB Waterfront Theatre programme strands.

Artistic decisions, priorities and choices about programme elements, productions or initiatives within each of the programme strands in 2018-2019 are informed by the Company’s values, and hold a developmental trajectory.

The programmes expect to reach a combined total of 123,936 audience/participants across 570 events in 2018-2019.
1. Subscription Season programme
   - ASB season of FILTHY BUSINESS by Ryan Craig - Directed by Colin McColl
   - Giltrap Audi season of RENDERED by Stuart Hoar – Directed by Katie Wolfe

2. Creative Learning programme: MYTHMAKERS - Primary school touring show
   - A specially produced theatre programme, Mythmakers comprises of two new works aimed specifically at primary/intermediate school audiences and performed in schools.
   - Offered in 2018 Terms 2 & 4 (subject to demand) the programme is inspired by the myths, legends, and folktales of Aotearoa and the Asia-Pacific region, as well as fascinating folklore from around the world.
   - Shows produced under the MYTHMAKERS umbrella feature dynamic performances and stories designed to engage the imagination and celebrate definitive ancient tales important to the different cultures that make up Auckland’s diverse population.
   - These MYTHMAKERS productions are created and/or co-produced with independent Asian, Pacific and Māori artists and organisations with the intention of developing their professional work and raising the profile of these practitioners whose reach is often restricted due to limited resources.
   - Auckland Theatre Company provides the resources to workshop and develop the plays in the Company’s rehearsal space, and maintains creative control over the work through the guidance and support of the ATC Creative Learning and Literary departments.

3. Creative Learning programme HERE & NOW - Youth Arts Festival
   Auckland Theatre Company’s annual youth festival Here & Now builds on the 2017 inaugural event to deliver an innovative youth arts programme that places young people front and centre in the theatre-making process.

   Held in the 2019 April school holidays, Here & Now will offer young people, aged 15-25 years, the opportunity to perform, create, or work behind the scenes on a range of small and large-scale performances at the ASB Waterfront Theatre for a long weekend of festivities.

   Here & Now is an invitation to young people to take over the ASB Waterfront Theatre venue for the duration of the festival; from mainstage to backstage, box office to café; to activate and re-imagine every nook and cranny of the building. The participants will be supported and mentored by the very best professional theatre-makers; particularly via creative collaborations with artists and companies with a focus on work with young people.

   Here & Now will also provide a pathway for professional development for artists at an early stage of their career, and ongoing artist development for practitioners and participants.

4. Open House Programme: Theatre making resources
   This sector focused initiative supports new and emerging artists by way of rehearsal or workshop space. Groups involved in the Open House initiative can also benefit from free tickets to selected Auckland Theatre Company Subscription Season performances as well as talks, forums, and regular skills-based workshops throughout the year.
5. New Works programme: Creative Investment

Through sector consultation with culturally diverse writers, Auckland Theatre Company is readdressing writer development to be responsive to the needs and creative processes of a wider group of contemporary writers. The Creative Investment programme places the writer at the centre of a supportive, bespoke development process crafted specifically around them. By creating new development and performance platforms, this investment approach embraces a far wider range of potential outcomes that sit alongside a traditional subscription programme.

Auckland Theatre Company’s commitment to the development and presentation of a regular programme of new New Zealand theatre work includes commissions in 2018 and beyond with intended writers Rawiri Paratene, Emily Perkins, and Leki Jackson-Bourke.

Ongoing discussions are also being carried out with Luke di Soma, Oscar Kightley and James Griffin as potential writers to engage and support through the 2018-2019 New Work programme strand.

6. Arts Partnerships

A key partnership of this programme in 2018-2019 will be Auckland Theatre Company’s collaboration with the New Zealand International Film Festival to offer a minimum of 80 screenings in the ASB Waterfront Theatre. The partnership’s objective is to deliver high quality engagement with cinematic arts within an accessible, and world-class, performing arts venue. Activities will also include a complementary event programme to include pre-show talks, meet the film maker forums, and hostings.

Exploration with other arts institutions and theatre companies will continue to broaden and deepen the dramatic investigation of New Zealand cultures. Performance work that results from this extends the programme, provides professional development opportunities, and reaches new audiences.

7. Entertainment hires and Meetings, Incentives, Conferences, and Events (MICE)

Auckland Theatre Company offers visiting performance companies a state of the art venue in a unique waterfront location. The ASB Waterfront Theatre auditorium will be utilised in 2018-2019 by spoken word productions, as well as visiting musicals, one-off dance performances, and small concerts for approximately ten weeks throughout 2018-2019. In addition, the number of MICE events will continue to grow due to the venue’s flexible spaces that can be used in various configurations. The Company’s professional event management and technical staff provide the necessary skills to realise all hirer requirements, and will deliver an expected 95 events which include six full venue utilisations.
Coastguard Northern Region Incorporated

Coastguard’s Mission is to Save Lives at Sea. Our Vision is that prevention is the most effective means of achieving this. The organisation seeks to achieve this mission through the provision of three core services:

- A 24hr/365 day a year Search and Rescue capability
- The maintenance and operation of a regional communications network
- The delivery of SAR volunteer training and member and public education

Coastguard will continue to provide a 24 hour a day response, every day of the year and undertakes to be on scene within 60 minutes of activation for 90% of the major recreational boating areas in up to Force 7 conditions (near Gale Force, wind 28-33 knots, sea state 4.5 metres).

In 2016-2017 Coastguard Northern Region (CNR) undertook 1,930 Calls for Assistance, enabling an estimated 4,139 people to return home safely. In the same period CNR undertook approximately 103,628 radio communications, coordinating incident responses either unilaterally or in partnership with other Emergency Services and providing safety services to boat users. In order to deliver these services and SAR capability, Coastguard Northern Region manages a regional infrastructure of 22 Rescue Vessel Units, 2 Air Patrols and a dedicated communications team, networked together through the region’s VHF communications network, all of which is co-ordinated centrally from its Operations Centre at Mechanics Bay.

Communications are provided through the provision of a CNR owned VHF and UHF communications network across the region that enables incident management coordination and boating safety services such as weather forecasting and Nowcasting information and trip and bar crossing services. In addition to these operational services CNR delivers volunteer training services to the region’s approximately 1,000 volunteers and to its members and the general public.

CNR provides these services predominantly through the use of a volunteer workforce who give their time for no financial reward.

CNR contributes to the recreational enjoyment and commercial maximisation of Auckland region’s marine environment through the provision of education, communications cover and when necessary SAR service provision.

Through its presence on the water and actions off the water, CNR engenders Auckland’s communities with the skills and confidence to fish, motor, sail, and paddle on our region’s waterways. CNR’s support of recreational activities and its safeguarding of commercial activities such as charter-fishing directly contributes to the aim of being ‘the World’s Most Liveable City’ and supports Auckland’s tourist economy.

Coastguard Northern Region is an organisation with Strong and Effective Governance The leadership of CNR recognises that the achievement of its Mission, the sustainability of the organisation and the support of its funding partners and donors can only be achieved if the organisation is effectively and transparently well-governed.
In 2015 we set *Strong and Effective Governance* as a foundation of our strategy and commenced a process of governance development to ensure that the organisation’s leadership performance was sector leading. This activity has continued in 2016-17 with the Board harnessing professional support to review and refresh its organisational strategy. The result is an updated strategy that aims to invest in areas of strength such as Coastguard Membership, to develop necessary new capabilities in fundraising to meet the challenge of reducing or uncertain grant funding and to proactively address the challenge of sustaining volunteering as being the most effective way of resourcing operations.

In addition to the strategy refresh the Board has also sought to diversify the backgrounds and experience of its members and to identify and resource for strategic objectives. For the 2017-2018 this will mean that the Board will be joined by a member with extensive commercial governance and finance experience and by a second member with a background in Human Resources management, addressing an identified need to increase the organisation’s HR capability.

**Sustainable Funding of Coastguard Northern Region**
The sustainable funding of the organisation is an identified goal that has seen good progress in the last year and will continue to be an area of focus. Following the success of achieving Northland Regional Council funding in 2015, a similar partnership has been executed with Waikato Regional Council in 2016. There has been strong growth in membership subscriptions during the period, enabling the development of new recruitment and training approaches to meet the volunteer challenge. Through the strategy refresh process the opportunity to expand upon CNR’s business and community fundraising potential was identified and a Fundraising Manager role has consequently been created and filled as a first-step in shaping this important capability.

In addition to the risks associated with volunteer availability and funding, CNR is also taking early steps to address the issue of its aging technology platforms. While capital technology investment is outside of the scope of the Funding Board, the annual grant received from the Funding Board as a contribution to operational matters will enable CNR to concentrate other funding sources and internally generated funds on this critical area of investment for the organisation in the next 3 years.

**The importance of Funding Board and Auckland Council support of Coastguard**
Coastguard Northern Region greatly values the role of the Funding Board and the funding it provides in support of our Mission. In 2016-2017, the Funding Board grant provided 13.4% of CNR’s consolidated revenue and met 12.5% of its consolidated expenses. With the board’s support, CNR Leadership judges the organisation’s sustainability as 8/10 on a risk scale. Without the Funding Board’s support CNR’s ability to sustain a high quality of core services (SAR, communications & education) would quickly come under pressure.

As each summer approaches CNR staff and volunteers prepare for their busiest time of the year.

Summer 2016 was tragically started when Coastguard along with other agencies, responded to one of New Zealand’s worst marine accidents in recent years with the loss of MV Francie. Despite the tragic result, the response from all of the agencies involved, coordinated from Coastguard Northern Region’s Operations Centre was of the highest standard. The residents
of the Auckland region deserve nothing less and it is only through strong and enduring partnerships such as that between Auckland Council, the Funding Board, and Coastguard that such a capability is maintained.

Drowning statistics for the Auckland region show that unnecessary fatalities continue to occur, particularly involving Pacific Island cultures undertaking subsistence or recreational fishing on West Coast harbours such as the Manukau and Kaipara. CNR intends to continue its heightened investment in boating safety, harbour bar awareness and lifejacket usage through the 2018-2019 period.

In the 2018-2019 period CNR is expected to deliver:
- Boating safety messages to in excess of 24,000 Coastguard Members.
- Boating Education course to more than 2,000 individuals.
- A programme of Bar Safety courses
- Discounted Lifejacket Upgrade opportunities and Boating Safety messages across the Auckland region through the Old4new campaign.

Coastguard Northern Region is a federation of community based organisations located at all points of the compass across the Auckland region. Our volunteers and members come from all walks of life and diverse ethnic backgrounds and serve the communities they are based in.

In addition to our community based units, CNR engages the region’s communities through public education and safety awareness events. CNR has actively sought to make its safety messages and the upskilling of boat users more accessible through innovations such as the ‘Women Suddenly in Charge’ course and its ‘Raising The Bar’ (RTB) in-community programme, delivering events through a mixture of in-community and centrally delivered locations.

In addition to adult education, CNR is a strong supporter of children’s education, delivering a range of courses, such as Day Skipper to school groups and through holiday programmes.

In 2018-2019 CNR intends to continue to provide the full range of services summarised above, regularly reviewing attendance and outcomes to ensure that they provide value to the community and meet Coastguard and Auckland Plan objectives.

Coastguard Northern Region proudly accepts the responsibility of safeguarding the country’s largest population centre. Details of the many ways in which this responsibility is executed and a clear picture of what it takes to sustain such a service can be found in the CNR 2017 Performance Report available directly from CNR.
Drowning Prevention Auckland - WaterSafe
Auckland Incorporated

On 6 September 2017, WaterSafe Auckland officially changed its trading name to Drowning Prevention Auckland (DPA). The name change better reflects what the organisation is endeavouring to accomplish. That is education, advocacy and research to prevent drowning. WaterSafe Auckland Incorporated remains the organisation’s legal name.

Mission: A water safe Auckland free from drowning
Vision: Preventing drowning through education

The aims and objectives for which DPA is established, are to provide strong regional coordination and to promote and advance water safety education in the interests and development of, and to benefit the people of the Auckland region by pursuing the following objectives within New Zealand:

a. To minimise the rate of drowning and other water related injury.
b. To promote and provide educational programmes within the region and New Zealand for the safe participation of people in aquatic recreational activities.
c. To facilitate a coordinated approach to water safety in the region and New Zealand.
d. To provide skilled people to assist, promote and conduct water safety education.
e. To ensure water safety education is designed and prepared to meet the needs of the region’s and New Zealand’s diverse ethnic population.
f. To establish a water safety resources and information base for the region that will be made available to other aquatic organisations within New Zealand.
g. To seek and secure from the government of New Zealand, territorial local authorities, commercial enterprises and from any other interested person or organisation, recognition and/or financial support for carrying out the objects of DPA.
h. To collect and collate relevant statistics to assist in identifying water safety needs in the region and within New Zealand.
i. To ensure that the standard of education programmes offered is in accordance with and approved by the New Zealand Qualifications Authority, and/or the appropriate authority.
j. To ensure that the instructors are offered training and assessment that is carried out in accordance with the rules of the New Zealand Qualifications Authority, and/or the appropriate authority.

Drowning Prevention Auckland provides drowning prevention education through five areas of focus:

1. Community Programmes, Advocacy and Education (Water safety programmes and lifejacket hubs for individuals, community groups and families)

2. Formal Education Sector (Resources and professional learning and development for teachers working in early childhood through to tertiary institutions)

3. Research (Developing and disseminating knowledge and expertise through research and evaluation to provide evidence for educational direction).
4. Workplace (Water competence development for employees specific to their work environment and general water safety education for workers who also engage in aquatic recreation together). Lifeguard training for those interested in a career in the aquatics space.

5. Marketing and Communications (Water safety awareness and advocacy via traditional and ethnic media, social media, website and outgoing communication activities. This includes coordination and collaboration on regional and national sector campaigns, leading to improved coordination of messaging and capacity of the sector, and participation in events enabling engagement with communities at a local level.)

DPA’s services contribute to regional well-being by working closely with those who educate our children, those who work in our rapidly changing communities and those who contribute to our economic well-being. DPA strives to protect and nurture good water safety so that drowning is prevented, and safe enjoyment of the region is achieved.

We aim to educate to change the behaviours of Aucklanders and improve mental/emotional and physical well-being. By improving these through research and education we will hopefully reduce the total number of drownings and near drowning incidents and therefore reduce the cost to society.

Pool Lifeguard Practising Certificate (PLPC) Training
Drowning Prevention Auckland currently trains lifeguards through a Gateway programme (Gateways Aquatics) delivered through secondary schools. We plan to expand this programme and take on a fulltime resource to train lifeguards year round. We will partner with major aquatic operators and, for the first time in New Zealand, offer public courses.

Currently most lifeguards are trained in-house and to very differing standards. Our PLPC training course will enable a higher standard of qualified lifeguards, simply put if the student is not up to standard they will not pass.

These courses will also provide a career path for Auckland’s youth. There are currently close to 400 new lifeguards trained in Auckland each year in addition to all current lifeguards needing revalidation every 2 years. Multiple add-ons are available for this service to enhance the quality of Auckland’s lifeguards and to provide safer water for Aucklanders to swim in.

Lifeguard Temp Service
Lifeguards supply in Auckland is undersubscribed, currently some centres have over 100 hours per week of holes in their rosters to fill. We have a pool of casuals who will be able to work at different centres to fill those gaps. As the programme grows we will expand the pool of casuals and offer this service to all 22 pools in Auckland. We will be beginning this programme in the 2017-18 financial year and will look to expand it year on year.

There are multiple high-risk areas within the Drowning Prevention/Water Safety sector in the Auckland region.

These include:
- Little to no High School water safety education. DPA has a dedicated secondary school educator who is making inroads into this gap in the sector.
• 18-25 year old males, they are often risk takers who have overestimated their ability. Our events team specifically target youth events in addition to multiple social media campaigns targeting this specific age group.
• New Settlers, many of whom have never been in or around the ocean or waterways. DPA has an educator dedicated to working with new settler groups to educate them about our oceans and waterways in a safe a practical manner.
• Māori and Pacific communities are oversubscribed in the drowning data. We have two educators dedicated to working with these communities across multiple channels to help reduce this.

Drowning Prevention Auckland organises its delivery around channels of engagement as follows:
• Community Programmes and Education
• Education
• Workplace
• Marketing and Communication
• Research
• Lifejacket ‘experiences’/lessons

The programmes in these channels of engagement have been developed because of an identified need and mainly targets groups at risk as identified through our research. Funding for these programmes can be through Funding Board funding, or contracted through other funding agents.

DPA has the means to engage with communities we serve through dedicated Māori, Pasifika, Asian and New Settler staff members. They operate alongside our well established formal educational sector educators to comprehensively engage all ethnic, socio-economic and age ranges within Auckland’s community.

In addition to this we provide water safety activities and education at community events across Auckland to more effectively engage with local and diverse communities across the rapidly changing face of Auckland. We are also continually updating our resources into other language formats.
New Zealand National Maritime Museum
Trust Board

From the formation of the Museum Trust in 1981, our key goal has been “To establish, maintain and develop a museum open to the public for exhibiting all aspects of maritime activity and for portraying the development of maritime activity, history and endeavour and matters pertaining thereto’.

The New Zealand Maritime Museum (NZMM) acts as kaitiaki of the largest collection of maritime and maritime related artefacts in New Zealand, forming a repository of memory and history for citizens of Auckland and New Zealand, and our visitors. This collection is approximately 3 million items, and covers virtually every aspect of our interactions with the ocean, from international trade to the family bach.

Through the collection, we interpret and present the story of the peoples of Aotearoa New Zealand’s relationship with the sea through our galleries, special exhibitions, educational and public programmes, outreach and on water experiences. These take place primarily at the Museum premises which takes up the majority of Hobson Wharf. The Museum also maintains an active online presence, making our collection accessible remotely, and is increasingly developing an outreach programme through the Auckland region in particular.

The NZMM preserves the rich maritime history of both the historic Auckland waterfront and the broader city and beyond, and makes it freely available to all visitors from the Auckland region. It is also an important and growing tourism site on the waterfront, working with tourism operators to drive business for them, and the Museum.

The importance of heritage and cultural institutions is now widely recognised internationally and there has been broad consensus in Auckland that the art, cultural and heritage sector is vital to Auckland’s liveability. NZMM presents a vibrant and engaging offer of galleries, exhibitions and public programmes to the people of Auckland, enhancing its cultural aspect and acting as a destination for both fun and learning.

NZMM faces a number of matters that challenge the sustainability of the museum in the long term. These however provide us with an opportunity to look at the way in which the museum is governed, and the trust board and executive of the Museum are in conversation with other members of the broader Auckland Council whānau to develop a way forward that best serves the Museum collection and the public. As this is a significant, material matter we have been keeping the Funding Board apprised of developments.

The NZMM will be continuing with the long-term foci, reports, emphasising improvement, conservation and best practice. We will be endeavouring to bring existing areas of operation to a high standard before engaging in new business areas, and the below projects reflect that aim. New projects will be limited to:

- Essential Health and Safety or visitor comfort areas;
- Collection care, the improvement of existing exhibitions or items that are transferable;
- Areas or items that have a natural 12-year life span.

The NZMM has four major business streams, and all have planned projects that are important to achieve the above goal. Due to limited budgets, many of these are still in progress or have been deferred and may not have changed. We continue to believe they are essential projects to the success of the Museum.

Collections and Exhibitions:
Rolling gallery refurbishments rather than replacements; maintain and improve vital interpretive resources e.g.
- Lighting, audio-visual
- Continuing support for a vibrant special exhibitions programme, especially alongside the First Encounters 250 commemorations
- Restarting the currently lapsed oral Maritime History project
- Integrating into Vernon, the museum industry standard collection software
- Lay foundations for digitisation of collection, and begin process, likely in collaboration with Auckland War Memorial Museum

Audience and Business Development:
- Production of collateral to support new programmes on offer to both Aucklanders and wider audiences
- Restoration of budget supporting our holiday programme for families

Operations and Health and Safety:
- Improvement to security resources, protecting both our collection and our building
- Refurbishment and bringing up to code of our toilet facilities

Learning:
- Continue to offer high quality education programmes dealing with our maritime heritage
- Operationally support the capital spend on the Museum’s Community Learning Centre

Museums Sector
The museums and tourism sectors will benefit from rising numbers of domestic and international visitors over the next five years. However, we need to be prepared to respond to their ever-changing demographics and needs. We will endeavour at all times to be well-informed and able to respond to opportunities presented by changes in the demographics of visitors (offshore and domestic) through our Audience and Business Development Plan and Marketing strategy.

A further challenge for the sector is adapting the way the sector interacts with visitors. It has become increasingly important for museums to ensure their collections are digitised and available online. Currently, less than a third of museums have their entire collections digitally documented. Furthermore, there is demand to develop smartphone apps and guides for visitors to use as they explore the museum. To cope with increasing levels of digitisation, many existing staff will need to be up-skilled and increasing numbers of information technology professionals will need to be contracted in the future. We have identified the need to address this and aim to develop a world-class Collections Hub, with capital funding provided by RFA, including full access to collections via digital access platforms and increased capacity in the Collections Team to develop exhibitions and enable public access over the next five years.
The Museum is also taking a keen interest in national planning for the First Encounters 250 commemoration – the 250th anniversary of the arrival of Captain Cook to the Pacific. We are planning partnership programming with the Ministry of Culture and Heritage, Auckland Council, National Maritime Museum of Australia and other bodies to mark this significant event.

Tourism Sector
We continue to be at the forefront of maintaining tourism agent relationships e.g. cruise ship excursion agents. The Museum offers exclusive tour and sailing products utilising our unique heritage vessel fleet and collection. Working with our partners we are seeking to offer a unique New Zealand cultural experience through understanding and experiencing waka kaupapa and tikanga.

Our commitment to continual improvement through improving visitor facilities, exhibitions, and developing as a centre of learning will ensure an excellent experience for our visitors that meet their needs and exceeds their expectations.

Volunteer Sector
Many of our volunteers are retired people receiving superannuation. With increasing numbers of pensioners remaining in paid employment, museums may have difficulties recruiting enough volunteers. The Museum recognises the incredible input from the team of volunteers and simply cannot operate without this valuable resource. During the 2015–2016 financial period, the number of hours that the volunteers contributed to the daily functioning of the Museum increased to over 46,079 hours across critical areas of the Museum. This number decreased in 2016-2017 to 40,500 hours which is still a substantial contribution. Due to the age demographics of the volunteers it is crucial that the Museum continue to actively recruit new volunteers as we farewell some of our long serving volunteers.

Cultural Sector
The continued development of Auckland’s Waterfront is being done with a responsible eye on the value and importance of heritage as a means of connecting the past, present and future. This is the story of our identity as New Zealanders, as we are all intimately connected with the sea. It is the story of Tāmaki Makaurau, Auckland as the most significant port and the most diverse community in the country. We have worked successfully with the Te Toki Voyaging Trust and Ngāti Whataua to bring waka back to the Waitematā and it is now time to develop this further to celebrate and support waka kaupapa.

Education Sector
Education is a primary purpose of a museum. The Museum is committed to echoing the evolution in theories of learning and the New Zealand curriculum. This applies to Early Childhood, Primary, Secondary and Tertiary education sectors. Online learning resources and outreach are one means to support learning in our community. However, the unique, memorable experience of visiting a museum and participating in their learning programmes holds great benefit for learning and the wellbeing of Auckland.

The education sector faces challenges including the review of the Ministry of Education LEOTC funding structure and the challenges of rising costs and transport for schools. The outcomes of the central government review of LEOTC funding are not yet known, however they will affect the entire sector. Increases in charges for programmes are inevitable should
LEOTC funding no longer be available to subsidise programmes for schools. Rising transport costs and easy access to transport are significant barriers to schools being able to participate in programmes across Auckland. We are very aware that schools continue to struggle to make use of museums and other community facilities due to the rising costs/barriers described above.

Maritime Sector
Certainty in the safety of our visitors is critical. The maritime industry operates a Maritime Operators Safety System (MOSS). The compliance costs behind this are significant and in order to be constantly achieving high standards with our vessel safety and performance the Museum has a Vessel Advisory Group made up of industry professionals that peer review what we do and what we have done to ensure best standards are achieved.

The maritime sector is innovative and fast-moving. Relationships and representation within the sector is crucial to ensuring we remain up to date with the evolving New Zealand maritime story. Representatives of the maritime sector are on our Trust Board and we participate in other maritime sector organisations e.g. the Marinas Operating Association and Coastguard. The Museum has successful training programmes to further educate our crews and other industry persons wishing to further their skill levels.

The challenges we face across all of these sectors will be met through establishing a sustainable funding model. Nationally, museums usually derive around 20% of their funding from commercial activities, membership programmes, sponsorship, donations, and admissions charges. We currently punch well above our weight in achieving over 40% of our funding from these activities.

Our Museum plays an important role in our community as we educate and enlighten our audiences through learning experiences that draw on our collections and stories unique to Aotearoa New Zealand. We encourage exploration, critical thinking, reflection and dialogue about our diverse community and heritage, past, present and future. Our learning experiences support improving learning outcomes for all New Zealanders thereby raising our potential economically and socially.

In the 2018-2019 year we plan to provide:
- Education services to more than 20,000 students and their families through school programmes and the capacity to develop tailored programmes specific to their needs.
- Programmes to support youth in exploring vocational choices including Gateway programmes, working with tourism industry education providers, and maritime programmes to achieve qualifications and work experience
- Programmes to support other areas of education e.g. early childhood education, English as second language education
- Programmes to support the arts e.g. school productions performed at the museum supported by our educators and specialists we make available to the school
- Programmes to support Māori and Pasifika goals (in alignment with the goals of COMET-Auckland Council CCO)
- Public programmes including:
  o school holiday programmes
  o weekend programmes and events
  o expert talks and workshops
- heritage/discovery trails (onsite and offsite)
- cultural and event-based programming including but not limited to Matariki, Auckland Anniversary, Auckland Arts Festival, Merchant Navy Day and the Auckland Heritage Festival,
- Community group programming will be developed and delivered in partnership and in response to community needs. It will include but not be limited to National Poetry Day, Sea Week, Coastguard Boating Education, Drowning Prevention Auckland, MAD Marine (Secondary school leadership programme in partnership with DOC and Auckland Council), Auckland Libraries and many others.

Having a unique heritage fleet allows us to offer a connection with New Zealand’s maritime heritage and sailing opportunities for public, education and community groups that may never have been available outside of the Auckland region. Utilising our unique heritage fleet, we attend regattas, anniversaries, commemorations and relevant events outside of the Auckland region when appropriate and financially possible. Our fleet are crewed by volunteers who often contribute to the expenses involved to make this happen. Other costs are defrayed through charging public for access to the fleet in those areas. Whilst participating in events outside of the Auckland region we promote Auckland as a destination.

As a key institute in the Auckland region we will continue to remain relevant to all audiences and endeavour to further develop existing or create new partnerships with communities by attending, hosting and/or supporting events in the wider Auckland region - Pasifika, Matariki Festival, Waka Festival, Auckland Anniversary Day and Auckland Arts Festival (to name a few) covering a broad range of ethnic, socio-economic, interests, age ranges and social occasions.

We seek to encourage participation by our community in our Museum activities. There are some communities with special interests in our collections and programmes. We will continue to identify and reach out to these groups through working with Council, Local Boards and our partners to develop effective networks and collaboration with these groups to develop programmes, events and collections and exhibitions.

To add to this, we make our spaces and resources available to the community for appropriate events - hosting relevant speakers (specialists in the field, conservation speakers, Kaumātua), commemorative services and training by maritime industry partners.
New Zealand Opera Limited

New Zealand Opera aims to bring more opera to more Aucklanders than ever before, and in the past year we have been proud to achieve that goal. We aspire to grow that success in 2018-2019.

The principal way we achieve that is by presenting performances of fully-staged operas on the stages of the Aotea Centre, ASB Waterfront Theatre and Auckland Town Hall. In 2018-2019 in Auckland we plan to present three offerings, using these venues, totalling 14 performances.

We seek to perform to diverse audiences from all over Auckland and are committed to taking our art form into the community and giving them the opportunity to experience the power of opera.

We strongly believe in collaboration and constantly seek opportunities to work with other arts organisations to bring opera to more Aucklanders. We have a significant relationship with the Auckland Arts Festival and plan to present the world premiere of New Zealand work *Star Navigator* in March 2019 with their support. We have a substantial partnership with Auckland Philharmonia Orchestra, and engage them to play for our mainstage performances, as well as each year presenting with them an Opera in Concert, bringing the opportunity for Aucklanders to experience an opera that would not otherwise be performed. We also enjoy a strong relationship with the New Zealand Symphony Orchestra, engaging them for some of our operas which require large orchestral forces in Wellington, and also joining with them to present Opera in Concerts.

We are pleased to bring free performances to the community as well, working with Auckland Council in their Music in Parks concert series at St Heliers and Māngere, as well as Auckland Live for their Pick & Mix performance series.

Our Education and Outreach activities are a very important part of our contribution to the Auckland region and continue to grow significantly. We take opera into schools in a reduced and easily-accessible but authentic format which has been extremely successful and over 14 Auckland schools saw a 2017 production.

We acknowledge that there are perceived barriers of entry to our art form, including cost, so have worked with other funding partners to give free opportunities to young people from across the Auckland region to attend performances of our mainstage works. We also offer special low-price tickets for school children to attend the dress rehearsals of our mainstage work.

In this digital age it has become possible to share our work with a wider audience and through a partnership with LEARNZ we have taken opera into the digital classroom, giving students from across the wider Auckland region, and indeed all over New Zealand the opportunity to experience both performance highlights as well as backstage interviews and workshops.

New Zealand Opera is committed to celebrating the “New Zealand” part of our name, and make every attempt to use New Zealand talent wherever possible. This can be easily seen on our stages with the artists that we bring home to perform, but also through our diverse choruses and the technical teams we employ.
We take responsibility to develop New Zealand talent and have a structured programme of nurturing young and emerging artists, giving them opportunities to perform and perfect their stage craft, often before they embark on overseas study.

In 2017 we consolidated our operations into a new Opera Centre in Parnell. This has been extremely successful for the company and we are happy to give the opportunity for other Auckland arts organisations to use our rehearsal studio and technical areas for their own requirements. We have already successfully shared our venue with organisations including Opera Factory, Auckland Theatre Company, the Dame Malvina Major Foundation, Indian Ink Theatre Company and World of Wearable Arts. We look forward to seeing this initiative grow and see this as part of our contribution to the Auckland arts scene.

The Auckland Plan and its 2040 Vision calls for a culturally rich and creative Auckland and expects that our arts and culture will thrive, unite, delight, challenge, and entertain, and drive wealth and prosperity for individuals and for Auckland.

New Zealand Opera is privileged to have a funder who is so committed to this aspiration and believe we contribute to delivering this vision in everything we do.

Every great and liveable city in the world has a resident opera company and with the support of the Funding Board and Auckland Council we are dedicated to continuing to make Auckland our main home. With the grant we receive from the Funding Board we can perform more in Auckland than any other city, and to employ more Aucklanders both in our permanent management team, and in the technical teams that create our work.

The opera we present in Auckland is a vital part of the cultural nourishment Aucklanders and visitors enjoy. Opera has been an important and on-going offering to the region for over 150 years and we believe there is a major demand for our art form and as the only professional presenters of opera in New Zealand we are uniquely placed to be a central part of Auckland’s cultural community.

We know our investment in presenting opera in Auckland translates to cultural tourism from other New Zealand cities and from abroad, bringing with it secondary spend on accommodation, dining, shopping and undertaking other cultural and tourism pursuits.

As part of our annual programme we believe it is our responsibility to continue to bring new works to the stage. Commissioning a new piece, developing it and finally bringing to the stage is an expensive and lengthy process. In this challenging financial environment, we can only do this through collaboration with other partners. It also gives a new piece the opportunity to be performed in other cities. In 2019 with the Auckland Arts Festival we will present Star Navigator, a new opera written by Aucklander Tim Finn, telling the story of Tupai, the star navigator who accompanied Captain Cook on his voyage around the South Pacific. The work, a co-production between West Australian Opera and New Zealand Opera was commissioned with funding from the West Australian Government. We had hoped to present the work in 2018 however the need for further developmental workshops and the fact that 2019 is the sesquicentennial of Captain Cook’s arrival in New Zealand made postponement a sensible option. A production of Candide, in collaboration with the Auckland Arts Festival, replaced Star Navigator in our 2018 programme as a third offering for Aucklanders. Specific funding
granted from Creative New Zealand to support Star Navigator has been transferred to the 2019 funding year.

We wish to bring more opera to Aucklanders than ever before and particularly new opera experiences. In recent years we have collaborated with Auckland Philharmonia Orchestra, our performing partners, to present an Opera in Concert. This endeavour brings to the concert platform an opera which would not necessarily be staged in Auckland, often with an international line-up of singers who perhaps can’t commit to a full season in Auckland. Otello in 2016 and Manon Lescaut in 2017 were both critical successes but required significant financial resources from us to provide our chorus, and stage director. In 2018 we have ambitious plans to present the monumental Aida, contingent on funding being available.

We also seek to expand our successful Education and Outreach work should funds be available. This would allow us to offer more experiences of opera to more Aucklanders, whether by expanding our Opera in Schools project, firmly establishing our new Seniors Choir initiative or by offering more opportunities to students to experience a mainstage performance.

It is our aspiration that all three of these activities become a core part of New Zealand Opera’s annual plans, however current funding and operating plans mean this is not possible. With continued support of this kind from the Funding Board, more Aucklanders will experience more opera, and the city will be all the richer for it.

We are passionate about sharing our love of opera with as wide an audience as possible and strive to remove the barriers that exist for new audiences without disenfranchising our existing, loyal patrons. Our communications approach underpins this.

For many who are unfamiliar with opera, the age-old labels of the art form being ‘boring’, ‘stuffy’ and ‘not for them’ are all too real. If we are to build new audiences for opera, we need to challenge this and that starts with the marketing proposition. We are positioning opera alongside other entertainment offerings and present it in a way that increases potential entry points.

With this audience, we emphasise that opera is modern, relevant and accessible; challenging the pre-conceived notion that opera is not for them. We do this in a way that doesn’t undermine the integrity of our offering or patronise our core audience. We use marketing channels that take opera to the mainstream and which capture them as they go about their daily lives. Publicity plays an important role in the marketing mix, allowing us to get fuller messaging across than we are able to with other marketing tools.

Increasingly we are using digital marketing to engage with our stakeholders. This enables us to have a two-way conversation, driving engagement and building meaningful relationships where we can really understand our audience. We use email newsletters and social media to bring what is a visual art form to life for our audience.

At performances, our programmes and pre-performance talks offer another engagement opportunity and for the first time in 2017, we offered a free synopsis hand-out for all attendees alongside our full programmes.
Opera audiences in New Zealand remain title-driven in their attendance choices; hence the huge variances between figures for a well-known work such as Carmen against lesser-known offerings like Kátya Kabanová. Across the entire arts sector it is also becoming increasingly common for audiences to book at the last moment, therefore making us vulnerable to other events taking place at the same time as our performances. In addition, for the large segment of our database who are attracted to the event/experience aspect of opera, we are still vulnerable to the arrival of hit-musicals in The Civic, often programmed at late notice and close to our opera seasons at the Aotea Centre. Unfortunately, we have no control on this competition and the dates for New Zealand Opera performances must be finalised up to 18 months in advance so can do little to mitigate the risks.

Ensuring secure funding remains a significant challenge. Creative New Zealand, New Zealand Opera’s principal funder, is dependent on revenue from Lottery Grants Board for approximately 60-70% of its funding pool. The sector is therefore dealing with a funding mechanism that is volatile at best. New Zealand Opera operates a mixed funding model and receives funding from gaming societies on an annual basis. This funding supports a wide range of activities delivered annually across New Zealand; our education, outreach and community projects as well as some mainstage activity. New Zealand Opera is aware that most local councils have a ‘Sinking Lid’ policy on Class 4 Gambling, and by their own admission most gaming trusts believe they have a lifespan of approximately eight years. We know we cannot rely in the long term on such funding.

Unlike orchestras or festivals, New Zealand Opera only produces three mainstage productions a year. This means we are heavily reliant on the box office success of those three titles to provide us with almost a third of our annual turnover. We therefore have very little margin for error.

New Zealand Opera needs reserves to provide some sort of guarantee should some titles not find their market, or indeed to allow the company to be slightly more adventurous in our programme planning. We have been successful in achieving this in the past three years and hope to continue this success.

As arts offerings continue to increase in the market so does the demand for experienced technical expertise. To this end we have attempted to mitigate the risks by ensuring the best team is identified and contracted early and our 2018 technical team has already been contracted.

We believe that New Zealand Opera’s future lies in presenting a broad range of operatic experiences to a wide audience, thereby developing the operatic landscape of New Zealand. However, there is simply not enough opera being performed to enable people to see it as an intrinsic part of the culture of this city. Over the last two years we have increased the total number of performances from 10 to 17 mainstage performances. To do this we are planning to work in collaboration with orchestras and festivals as well as bringing smaller scale works, new work and works in new formats to alternative venues. In 2018-2019 we plan to present Tim Finn’s new work Star Navigator during the Auckland Arts Festival as well as at two Opera in Concerts one with Auckland Philharmonia Orchestra and the other with the Christchurch Symphony Orchestra.
As the national opera company based in Auckland we are the only opera company with the facilities, (funded through the Funding Board) and scale of operation to deliver the range and reach of education and outreach programmes that will have a significant impact on the communities of Auckland. Our education and outreach programmes are essential to developing the audiences and practitioners of the future. Our strategic plan brings education and outreach work into our core activity by planning to connect future audiences through engaging programmes.

Regrettably there is insufficient work within New Zealand for a singer to be able to sustain a full-time career in this country and they consequently pursue careers overseas. This reduces the pool of available talent resident here for opera, concerts and recitals. We fund a resident artist programme to enable singers returning to New Zealand after a career overseas to continue to develop their craft even if they must also work outside of opera. These singers are often part of the chorus or take on small roles in our mainstage operas.

Our plan to present a third opera in Auckland such as The Mikado in 2017 and Candide in 2018 and Star Navigator in 2019 provides more work for singers, creative teams, technicians and art workers. These activities will, in the longer term, contribute to creating a sustainable opera company by engaging and diversifying audiences and increasing the attendances at mainstage operas.

It will be of no surprise that we at New Zealand Opera feel we are extremely well-placed to support the strategic aims of the Auckland Plan. We identify with all the arts related targets and believe our activities are particularly well aligned to help Auckland Council deliver them. We are sincerely grateful for the Council’s foresight in setting these targets and their associated directives, and the framework they provide. The support given by the Funding Board allows us to carry out initiatives which brings Auckland the cultural prosperity aimed for in the Plan.
Stardome - Auckland Observatory and Planetarium Trust Board

Stardome operates primarily from an observatory and planetarium located in One Tree Hill Domain. However, we have recently started an outreach programme under which our educators visit schools in the Auckland region.

Stardome operates a range of services including many education programmes for schools, preschools and tertiary students, public shows for general visitors and telescope viewing for all groups.

Stardome volunteers also carry out astronomical research in collaboration with international research partners.

Stardome is an integral part of the mix of cultural institutions in the city. Most major cities around the world have a planetarium as part of their cities cultural landscape, Auckland is particularly fortunate in having both a state of the art planetarium and an observatory where members of the public can view our night sky.

Education is an integral part of Stardome’s operation and over 60% of our visitors are children, most of whom come with their schools as part of their science curriculum. The Low Decile and Southern Initiative programmes have made our education programmes available to a wider range of ‘in need’ and ‘at risk’ children.

Stardome is passionate about sharing our love of space with as many people as possible. To achieve this, the marketing approach is to share things frequently and openly, and to allocate the marketing budget appropriately to ensure Stardome receives the best coverage across multiple marketing channels.

Our shows and events are promoted through radio, print, posters and online listings. The show schedules and posters are distributed around Auckland at malls, libraries, cafés and community and information centres. Our events are promoted to target audiences in print, appropriate radio stations and social media.

Stardome has a growing social media presence on Facebook, Instagram and Twitter. These platforms are used as both marketing and customer-service tools. We communicate Stardome’s personality and respond to queries and address feedback. These platforms are key places where we can thank our supporters and funders, particularly if they have their own social profiles we can link directly to.

In line with our mission to inspire, we keep in contact with TV, print and radio media when there is an astronomical event on the horizon. The public are fascinated with these events and by maintaining media relationships, we can ensure the public are aware of and inspired by space science news.

Stardome sends out two e-newsletters a month; Space News targets our customer base and includes a major astronomy story and a list of Stardome events. We also include links to our
free star charts and a brief overview of what’s visible in the night sky. With the implementation of our new website and ticketing system, there is now the option for customers to easily sign up to this mailing list when purchasing tickets online. We have also installed an iPad onsite to encourage sign ups. School Satellite is sent to our education audience and aims to provide teachers with ways to include space science in the classroom. It includes free teacher resources and activities created by the Stardome education team and a science news story with relevant education links. At the beginning of the school year, we send a postcard to mid and low-decile schools informing them of our education session offering.

The Regional Reach funding is allocated to targeted regional advertising and our yearly ‘Matariki Kete’ booklet. The booklet is sent to every child in low decile Auckland primary schools, and we send as many as possible to the other primary schools to photocopy and share. We also send preschool versions of the booklet to Kāhunga Reo, kindergartens and preschools. The PDF versions are available on our website for free downloads.

This past year, the Stardome website was refreshed and now communicates our events and shows in a more engaging, accessible way. A ‘thank you’ webpage of our supporters and funders was also created. We are working on uploading at least two blog articles a month to share our astronomy knowledge, which we plan to link to our social media platforms, driving more of our audience to our website content. We have been working with an SEO company to increase our Google search placing. We recently implemented a new ticketing system which allows us to securely hold and track our Starlight Explorer Pass holder’s details. This has allowed us to better communicate with this loyal audience, including the tailoring of certain Space News content and events.

Towards the end of each year Stardome sends a copy of ‘The New Zealand Astronomical Yearbook’ to key stakeholders along with a letter from the CEO about our mission to inspire, challenge and educate.

Our most successful form of communication and promotion is word of mouth. By creating a customer experience that is fun, educational and inspiring alongside providing exceptional customer service we can share our love of space with as many people as possible.

**Major Challenges facing our Industry**

**Planetarium Technology:**
As technology, has improved and prices have decreased full dome systems have become more complex offering the benefits and complexity of video production techniques and software based solutions. This has presented a challenge to the industry in upskilling staff to use these new technologies, in relation to in-house show production. The International Planetarium Society however notes that this also opens the door to more diversity in show production.

**Show Content:**
Show production, especially around animation is an expensive and time-consuming project, and being able to fund projects of this nature is an ongoing challenge for the organisation. There is also a challenge in purchasing off the shelf shows that have a ‘Southern Hemisphere’ point of view.
Funding:
The other major challenge that Stardome (and other cultural facilities) face is the difficulty is obtaining grant funding from the traditional charitable sources, particularly from "gambling" based charities. Although we have had some success in obtaining funds for capital requirements or for specific projects we are having a great deal of difficulty in obtaining charitable grants for operating expenses and we anticipate that even raising funds for capital projects and specific projects will be more difficult in the future.

Pricing:
The major challenge that Stardome faces from an industry perspective is the fact that many of the cultural institutions in Auckland who we compete with in varying degrees (Auckland Museum, Maritime Museum, Auckland Art Gallery and the Navy Museum) are free to Auckland citizens, whereas Stardome charges between $10.00 and $15.00 to attend a planetarium show and $1 or $2 to enter our space gallery.

Science Education:
Any decrease in education funding through schools could mean that Astronomy takes a back seat to the other sciences such as Chemistry and Physics. There is a current shortage of science teachers which means that skill levels are stretched. Although a challenge this has already opened presented an opportunity for Stardome to work with the Science Teachers Association and the Ministry of Education in setting standards, and assisting in learning.

Research completed by the Ministry of Education released in July 2016 has pointed to an increasing gap in achievement standards between Decile 1-3 students and Decile 8-10, of two years.

The results are measured by the National Monitoring Study of Student Achievement, and have reiterated the gap in English, Maths, Science, Social Studies and Physical Education. The gap is significant and needs to be addressed.

There is no increase in overall funding in the education budget, and there have been signals that the government may scrap the decile funding scheme in favour of more targeted funding. Low decile schools are desperate for better resourcing and support.

This highlights the importance of schemes such as Stardome's Low Decile and Southern Initiative programmes. Quite simply a learning experience outside the classroom is not achievable for many of these schools, and without support they would not be able to offer this to their students.

Learning experiences outside the classroom offer Kiwi Kids many benefits:

Make learning more engaging - We often get comments for teachers that a school trip is something children really look forward, and that the classroom can become a stale environment. A new learning environment can stimulate a child's curiosity and allow them to think outside the box.

Make learning relevant - Although we can talk about Space in the classroom, our planetarium offers a real-life simulation of a perfect night sky, which allows children to put their learning into practice.
Nurture creativity and imagination - Taking children beyond the classroom is like unclipping their wings. Suddenly their minds are free to explore and you can often end up with some very creative results no matter what subject you're teaching them. We can take children for a trip to their favourite planet, we can explore the surface of Mars or take them to the Matariki cluster.

Reduce behaviour problems - Whilst learning beyond the classroom certainly means implementing a whole new set of behaviour management processes, overall it can often mean a general improvement in behaviour - yet another consequence of children being happy, engaged and motivated. Our programmes have been set up to meet the key learning objectives of the Ministry of Education.

Expose children to new opportunities - Many children that visit our facility walk away with a new perspective on their place in space. We also talk about different career paths that may be opened to them if they pursue science at a higher level.

Stardome is committed to sharing our love of space science, and as such we work to break down any barriers that may exist to sharing our knowledge. As discussed above, we now have freely available resources on our website for all teachers and learners. We have started work on an outreach programme which will see our education team going to schools to reach schools that simply cannot make the trip to us. Technology is also allowing us to enter the classroom through mediums such as Skype.

Education:
Stardome's facility can fit 87 students and teachers at a time, and sessions are run on the hour, and last for 90 minutes. Each education session includes a classroom session (15 minutes), an Interactive Quiz based on our Displays and Exhibits (20 minutes) and a full dome show in our Planetarium (50 minutes).

Sessions generally start at 9am and carry through the day to our 2pm session.

Matariki is by far our busiest time and to accommodate the demand for this programme we also have schools visiting us in the evening - these sessions occur at 6pm and 7pm and allow the opportunity to use telescopes in the session as well.

Our sessions are catered to the individual learning objectives of the visiting group, and are delivered to all age groups from Early Childhood Centres right through to University.

We have 45,000 learners through our education programmes annually, of that over 29,000 are from schools.

We are minimising barriers to visitation in several ways:
• Our Low Decile Scheme subsidises bus cost and allows children a visit to Stardome for a gold coin donation. We currently have 14,000 students through this programme.
• Each child gets a free pass to visit after their school trip, and to further explore the facility with their family.
• Our Southern Initiative Scheme offers community and education groups from the four wards identified in the Auckland Strategic Plan to visit at no charge, with Stardome paying transport costs to make the facility available.
Outreach:
Stardome will continue to grow this part of our business. We are committed to sharing our knowledge of space, and as such during the heavy season when we reach capacity, we have developed an outreach programme which can be delivered at Schools. This programme is gaining momentum and is heavily in demand throughout Terms 2 and 3.

Telescopes at evening Council events where possible will also continue, as well as a presence at daytime events with our ‘Daytime Astronomy’ unit.

Open Days and Nights:
Stardome will continue to host two open days during the year, and an open evening for telescope viewing. There will be a gold coin donation for attendance to these events which usually attracts 1,600 - 2,000 people per session.

Astronomical Events:
During any Astronomical events Stardome has sell out audiences. We can offer additional shows focusing on the event that is happening, as well as telescope viewing as soon as it is dark.

Maunga Outcomes Plan:
As part of our proposal to the Maunga Authority to extend our lease we have been required to highlight activities that Stardome engages in that benefit the Maunga, and the relationship of People/ Mana Whenua to the Maunga.

We have proposed to the Maunga Authority that we will incorporate into our educational and public programmes content about Volcanoes, the Volcanic Cones of Auckland and associated stories to increase the public’s understanding of these special places. This has already started.

Stardome has a significant number of programmes and initiatives that directly address the objectives of the Auckland Plan. The most significant initiatives are:

Putting Young People First
Stardome’s very purpose as stated in our Vision is to Inspire youth to value education and pursue careers in Science. Stardome has a strong affinity with the Council’s policy of putting young people first. Our Education offering is firmly targeted at increasing the knowledge of young people through space science. We have worked hard to ensure we reach as many young people as possible, and schemes such as our Southern Initiative, Low Decile Scheme and Community Sessions enable us to extend our reach. To encourage young people to continue exploring the wonders of our universe, we have now implemented free passes to all children visiting with an education group, that way they can re-visit with their families.

Reducing Inequality
Stardome has several initiatives in place that come in line with the Council’s initiative to reduce equality. These are ours:

1. Low Decile Scheme. In the 2016-2017 year we had 19 schools through the scheme that would not have been able to visit if this had not been subsidised.
2. Stardome Southern Initiative Scheme. In 2014-2015 Stardome hosted 3,196 South Auckland groups through this scheme. This included high risk children groups, teen pregnancy units, mental health units, Kōhunga Reo, and Early Childhood Education groups.

Regional Reach
Our regional reach is monitored closely to see who is visiting us and from what parts of Auckland. South Auckland and Low Decile schools have been a focus of the Education team in the last twelve months, and will continue through the next financial year.

We have a targeted marketing campaign through local newspapers, radio and cinema to try and reach all areas of Auckland, and believe our outreach programme will help us attract groups that are unable to make the trip to the facility.

We host three gold coin donation open days, and as astronomical events occur we open the facility to obtain the widest audience.

In conjunction with local volunteers, the Great Barrier Local Board and the Auckland Astronomical Society, Stardome Educators have participated in an outreach project celebrating Aotea/Great Barrier Islands’ status as a Dark Sky Sanctuary. This was awarded by the International Dark Sky Association, and Aotea/Great Barrier is only the third location in the world to be awarded this.

Strengthening and Connecting Communities/Cultural Diversity
Stardome takes its responsibility in providing a culturally diverse facility seriously. We see the future of our organisation as being more collaborative with the wider community in developing and delivering culturally diverse shows.

Synergies with cultural groups will help our organisation provide more relevant content and as previously discussed with the Funding Board the show library available to us is limited, and is often a Northern Hemisphere approach. Partnerships with Space Place (Carter Observatory) and the Otago Planetarium will also help us develop New Zealand focussed shows.
Surf Life Saving Northern Region
Incorporated

Surf Life Saving Northern Region (SLSNR) is the lead provider of lifesaving services, coastal aquatic rescue, and beach education services in the area from Raglan to Kaitaia. Ten of our 17 surf lifesaving clubs reside within, and service the Auckland region. The Auckland region accounts for 80% of our total lifesaving output, and 40% of national lifesaving outputs.

Our purpose is to ensure the communities in our region can enjoy our beaches safely; by preventing drowning and injury on our beaches and coastlines through the provision of lifesaving services and public education. In the Auckland region, there are over 1,500 dedicated lifeguards patrolling 14 beach locations as part of our on-going mission to keep the hundreds of thousands of the beach-going public safe every year.

Our strategic objectives are to:
- Build thriving clubs – the providers of our service
- Deliver a high-quality, effective lifeguarding service for the region
- Grow our community education programmes to teach safe beach use to the wider community
- Grow participation in our Junior Surf and Sport and Recreation programmes to assist with the development and retention of our lifeguard capability

SLSNR’s role is to lead, coordinate, support and develop the services of our volunteer surf lifesaving entities around beach safety, patrolling and patrol management, critical emergency response and search and rescue, public education and sporting activities.

All our services are targeted at the reduction of drowning and injury on our beaches and coastlines. We achieve this by:
- Providing dedicated support and best practice tools for our member clubs to ensure the sustainable growth and management of lifesaving volunteers and to provide the resources necessary to deliver a lifeguard service that meets health and safety and other regulatory requirements
- A dedicated full-time lifesaving delivery model, ranging from:
  - Patrolling services - delivered at 14 dedicated locations from our ten Surf Life Saving facilities and four satellite lifesaving locations;
  - Event safety services;
  - Emergency Response - reflex tasking, search and rescue and coordinated emergency response.
- Providing community education programmes on the beach, and in classroom education for school-age children, particularly low decile schools. This is delivered at patrolled and unpatrolled locations and urban environments to provide access for the wider community to our safety messages and education programmes.
- Volunteer-run sport and recreation programme catering for all ages and abilities, from junior surf carnivals to world-class high-performance events and competitions, allow for thousands in our community to partake in sport and recreation on our beaches. These
sports and recreation activities have proven to be instrumental in retaining lifeguard volunteers and encouraging younger members to progress to be qualified lifeguards.

Auckland is a region with an extensive and often dangerous coastline. The safe enjoyment of our beaches and coastline is therefore imperative.

Throughout the region, SLSNR provides comprehensive lifeguard services, a 24/7 call out capability, search and rescue services and public education programmes. The work we do in drowning and injury prevention is instrumental in making our beaches a safe place for the wider community to enjoy and encourages participation in sport and exercise.

Our surf Life Saving clubs also provide opportunities for thousands of volunteers to engage in personal development and to enjoy the enrichment of giving back to their community.

SLSNR must continually evolve and develop to provide an effective, compliant and fit for purpose lifeguarding service that meets the future needs of our communities, visitors and beachgoers.

There are several significant projects. While some of these are not providing a ‘new’ service, they involve the proposed expansion or enhancement of existing services. Delivery of these are all funding dependent.

1. Lifesaving Delivery: Enhanced Service at Auckland locations
As Auckland’s population increases, an increasing number of people are visiting and using our coastal areas. Locations with historically few visitors are becoming popular, and water-based activities are diversifying. Every year there are on average 13 fatal drowning incidents across Auckland’s beaches, harbours, and offshore environments, and surf lifeguards rescue over 300 people. Most of these incidents involve residents of Auckland.

SLSNR have been evaluating the changing risk profile of Auckland’s coastal environment to understand what the real needs of the Auckland region are and to ensure lifesaving resources are distributed according to both current and future needs.

External coastal risk consultants have completed risk assessments at 67 sites along Auckland’s west coast (Karioitahi Beach to Muriwai Beach) and east coast (Devonport to Te Arai). Their work has identified the need for further discussion with Auckland Council around:

- An extension of existing surf lifeguarding services
  Should the season length and hours of surf lifeguarding services be extended at many locations to align with the times of highest use, and highest risk?

- Expansion of surf lifeguarding services to new locations
  Provision of formal supervision or surveillance should be considered at locations not currently patrolled. In particular O’Neill Bay, Lake Wainamu, Anawhata Beach, and Whatapi Beach on Auckland’s west coast, Te Haruhi Bay (Shakespear) and Stanmore Bay on the Whangaparaoa Peninsula, as well as Anchor Bay (Tāwharanui Peninsula), Goat Island, and Te Arai.
To deliver these expanded services we will need to attract more lifeguards. Currently senior lifeguard numbers are declining as the pay rate is the statutory minimum in most instances, unattractive, and lower than that of similar roles. To address this, we must increase the wage to ensure that lifeguarding is still a viable employment opportunity for those lifeguards who patrol Monday to Friday over the peak summer holiday period.

2. Club Sustainability
SLSNR must continually work to ensure its high standards on patrol are replicated in the clubhouse and that our membership continually develops. It is clear our city is going to require more from Surf Life Saving in the future, and our volunteers are going to need to grow in capacity and capability to respond successfully to the changing nature of the emergencies that we face. It is imperative that our volunteers (many aged 14-18) are equipped with the appropriate knowledge, training, experience and post-event support to respond to these events.

To manage this demand, SLSNR has appointed three new seasonal positions. These are currently funded out of SLSNR’s reserves. Their functions are to ensure the successful delivery of lifesaving services, the training and development of membership at a local level, and the delivery of our critical support services - critical incident management, delivery of immediate peer support and counselling to volunteers, management of the duty officer network and SurfComm (one of the country’s largest private radio networks - our lifeline).

Additionally, during the current year, we will be reviewing our entire training delivery model and whether the external market is still the best delivery agent for first aid training. The organisation aspires to achieve formalisation of our qualification and development pathways and the internal delivery of all training, learning and development by the regional body.

3. Health and Safety
The changing recreational activities of the public demand new responses and the size and scale of emergencies we are being tasked with, continue to increase. Regulatory bodies now have a far greater expectation from SLSNR to manage its staff and volunteers and ensure they operate in a safe and healthy environment.

SLSNR are progressing the development of a Health and Safety regime that is both fully compliant and reflective of our values. Tailoring our health and safety practices to the specific risks of each club/environment is essential, so we have engaged specialists to assist with an independent view of our health and safety risks and practices.

This is a self-funded pilot study which will provide guidance for our members to develop a culture and regime of strong health and safety practices and tools to ensure our staff and volunteers carry out their work in a safe environment and in a fully compliant way.

4. Junior Surf – Good Sports
Good Sports is a programme to create awareness with our adult membership around their attitudes and beliefs to youth sport and whether they are age and stage appropriate. Sport NZ has endorsed Good Sports as a practical implementation of their Physical Literacy approach.

SLSNR will be delivering workshops to coaches, parents, officials or club leaders that challenge them to think about the experiences that children are having in Junior Surf.
Organisationally we have restructured Junior Surf events to reflect this by providing opportunities that are designed to meet the participant’s needs.

Good Sports is designed to address the following:
- Improving athlete experiences
- Child disaffection and dropout in sport
- Child burnout and overuse injury
- Poor coach behaviour
- Poor parent behaviour
- Side-line behaviour
- Implementing long-term athlete development philosophies

The costs of this work have been wholly supported by Aktive and forms part of our Sport Manager’s annual workload. Our entire Sport, Junior Surf and High-Performance suite of programmes are developed and managed by one paid employee and supported by volunteer committees delivering high-quality sporting outcomes to over 5,000 members.

SLSNR has recently partnered with Auckland Council through ‘Safe Swim’ to ensure Auckland’s beach users have easy access to relevant information regarding our services and critical water safety information. Alongside this, we have a daily media presence over the summer months educating and informing Auckland communities of current risks and water safety tips.

**Increasing Demands**

More and more we are responding to rescues and searches at unpatrolled locations, and lifeguards are frequently being expected to respond to emergencies outside patrol times – during the working day, evenings and nights. This places two major demands on SLSNR:

1. to extend the traditional lifesaving services we provide:
   - at an increasing number of beaches (beaches not currently patrolled); and
   - for longer hours and more days of the year at our currently patrolled beaches.
2. Providing an expanded scope of response from our lifeguards.

Police, other agencies and the community continue to view Surf Life Saving as the primary responder to coastal emergencies including nearshore boating incidents, support for air ambulances, on the beach or near beach vehicle accidents, coastline and ocean search and rescue, land-based search and rescue and local medical emergencies. This is experienced most on the West Coast where we are routinely required to travel significant distances to critical incidents outside of Surf Life Saving’s traditional area.

**Challenges**

Our greatest challenge currently, is not receiving sufficient funding to address our current operational costs. This is despite SLSNR being proactive in finding funding from alternative sources and maximising efficiencies to keep these costs as low as possible.

Compounding this, the increase in demand for our traditional services, for greater periods and at new locations provides an additional critical funding challenge. Although the increased
service, is largely provided by volunteers there are significant extra operational costs relating to vehicle and rescue equipment and club facilities.

To ensure our lifeguards can properly respond to the varying nature of incidents additional training is required, and a variety of unbudgeted costs arise. An example of this is the recent Kaipara Harbour tragedy. Though fully covered by volunteers the cost of equipment used, damage to vehicles and counselling came to more than $25,000. Very little of this cost is reimbursed by other search and rescue agencies.

Clearly the challenge is even more significant as we now need to cover both aspects of increased costs, seeking additional revenue to cover the increased operational costs of increased needs, training, and unbudgeted search and rescue costs.

Ultimately there is no regulatory authority or ministry responsible for the provision of lifeguard services. Aside from the Funding Board grant, most of our other funding is philanthropic. If the community requires more and if Surf Life Saving agrees the increased demand for our services is necessary, it falls to Surf Life Saving to secure funding for these services. And as most of this funding is not certain or long-term, finding the funding is itself an additional cost.

**Funding risk**

Should SLSNR not be successful in finding long-term funding for these increased delivery expectations we simply will not be able to deliver either the extent or scope of services expected.

If we cannot secure an increase in long-term funding to meet the increased cost of our current services, we will need to reduce the number of patrols and potentially the number of locations. We cannot ask our volunteers to provide what they don’t have funding to resource.

For the community, this will mean that SLSNR will not always have the resources to respond or provide the service that it has in the past. Ultimately this will increase the risk of drowning or injury.

**Non-compliance**

The other major risk currently facing SLSNR is non-compliant operations. In the majority of operational areas lifesaving services are carried out to a very high standard, but it is essential that we expedite our Health and Safety project and adopt procedures required under the Vulnerable Children's Act all of which put considerable pressure on Club resources.

**Lifesaving Delivery**

SLSNR is currently not responding to identified demands in the Auckland region for patrols at additional locations that are becoming increasingly popular and extended patrol hours. Depending on the resources available and agreement with Auckland Council, we are planning to implement responses to these in 2018-2019.

**Event Safety**

Currently, there are no regulations or formal standards regarding the provision of lifesaving services for on water events or activities on our beaches and coastlines.
Surfing competitions, ocean swims, coastal adventure runs, kayak and craft races, film and production events, motion picture filming, commercial advertising, content creation, and on brand events, have been carried out without formal event safety. Over the past three years, there have been some drowning deaths at these events. If SLSNR is to be truly successful in reducing drowning and injury on our beaches and coastlines, this needs to be addressed.

In 2018 we will be reviewing current activity in this space and looking to work with regulatory bodies to assess where SLSNR can provide a cost-efficient response to working with these organisations to ensure the commercial sector and paid sport and recreation activities maintain appropriate water safety standards.

Training of volunteers
SLSNR needs to continually evolve in order to meet the training requirements for our lifeguards. While lifeguard practices are carried out to a high and safe standard we still need to ensure that all Health and Safety regulations are being met and that training is provided that deals with some of the new and more complex responses expected from lifeguards. Projects have been commenced to cover these areas, but current resources do not allow a more expeditious approach.

Community Education
Most of our community education programmes are delivered to target children under twelve years of age. There is no follow-up education for these children or teenagers or a resource that specifically targets adults or recent immigrants. These are emerging as equally important areas to focus on.

There is a need to provide a new format of education and resources that can be delivered by non-lifeguards to broaden the reach of our programmes. SLSNR will begin work, in Quarter 2 of 2018, to formally review the unmet needs within the sector. Following this, we will engage with stakeholders to determine the most efficient means of delivering this education and equipping other community groups to assist with education in this space.

Sport
There are an increasing number of ex-lifeguards and the general public who would like to partake in Surf Life Saving sports. SLSNR will be reviewing the opportunity to provide informal sport and recreation opportunities to non-members to engage in Surf Sport to maintain links and provide opportunities for our extended alumni and provide a greater community connection.

Changes in community programmes
The main change to community education programme is that users of the programmes will be expected to cover more of the programme costs. For example, the charge for the Beach Education course has had to increase from $7.57 per person to $13.04. Funding that we have previously used to subsidise the delivery of Community Education programmes has now been diverted to essential lifesaving services where other sources of funding have not kept up with the increase in basic costs of delivering the service. The volatility of gaming funding has not allowed us to assume that this will be available for subsidising community education programmes. We are concerned that this will impact the number of children who attend the courses.
SLSNR is currently working with funders we believe to be responsible for supporting community education services – Water Safety New Zealand, Aktive, Sport Waikato and Sport Northland to explore new long-term funding avenues, reducing the burden on the user. Should new funding not be secured for the 2018–2019 year the current cost increases to the user will remain.

2018-2019 Community Education programmes
SLSNR will deliver three education programmes to school-aged children within the Auckland region:

- Beach Education - a five-hour programme offered to students on Auckland beaches and at Auckland Surf Life Saving Clubs.

- Surf to School - a 60-90 minutes programme, which takes lifeguards into schools for beach and water safety lessons in classrooms and, if applicable, in school pools.

- City Nippers - five two-hour sessions targeting urban beachgoers on weekends and during the holidays at St Heliers, Takapuna, Eastern and Maraetai beaches.

We have also budgeted for an increased provision of Community Education programmes at public events and to target at-risk demographics outside of the school-aged community.
Submissions Process for the Draft 2018-2019 Funding Plan

The Auckland Regional Amenities Funding Board welcomes your written comments on the Draft 2018-2019 Funding Plan.

Please complete the accompanying submission form for each submission you make and post or email it for arrival before 5.00pm, Wednesday, 28 February 2018.

Public Submissions
Advisory Officer
Auckland Regional Amenities Funding Board
P O Box 6969
Wellesley Street
Auckland 1141

Please note:

- Late submissions may not be accepted.
- Public oral submissions will be heard on Wednesday 7 March 2018. If you wish to be heard in person, please ensure you are available on that date. Personal submissions should be limited to 10 minutes. Organisations may have up to two speakers, each of 10 minutes duration.
- All submissions or requests to make oral submissions must be in writing or via email arafb.info@gmail.com
- The Funding Board reserves the right to group together submissions of closely similar intent.
- Members of the Funding Board will have read your submission before your submission is heard.
- You may email submissions to the Advisory Officer at the address below.

Enquiries:

Contact: Leigh Redshaw, Advisory Officer
Telephone: 0274 739 187
Email: arafb.info@gmail.com

Thank you for your submission.
SUBMISSION ON THE
AUCKLAND REGIONAL AMENITIES FUNDING BOARD’S
DRAFT 2018-2019 FUNDING PLAN

Do you wish to be heard in support of your submission? Yes / No

Submitter details:

Name: ____________________________________________________________

Organisation:

_________________________________________________________________

Address:

_________________________________________________________________

_________________________________________________________________

Telephone: ________________________________

Mobile: ________________________________

Email: ____________________________________________
SUBMISSION ON THE DRAFT 2018-2019 FUNDING PLAN

NOTE: Please use a separate page for each matter for submission.

1. The specific matter within the draft 2018-2019 Funding Plan that my/our submission relates to is...
   (please clearly identify section and page and continue on a separate sheet if necessary)

2. I/We seek the following amendment to the draft 2018-2019 Funding Plan:
   (continue on a separate sheet if necessary)

3. My/Our submission is that...
   (state the nature of the submission, giving reasons for the amendment requested):
   (continue on a separate sheet if necessary)

4. Please indicate the cost or saving impact of your proposal, if possible:
   (continue on a separate sheet if necessary)
## Directory of Specified Amenities and Associated/Related Entities

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Balance Date</th>
<th>Charities Registration Number</th>
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<tr>
<td>Auckland Festival Trust</td>
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<td>CC22145</td>
<td><a href="http://www.aaf.co.nz">www.aaf.co.nz</a></td>
</tr>
<tr>
<td>Auckland Philharmonia Trust</td>
<td>31 December</td>
<td>CC23611 &amp; CC23607</td>
<td><a href="http://www.apo.co.nz">www.apo.co.nz</a></td>
</tr>
<tr>
<td>Auckland Rescue Helicopter Trust</td>
<td>30 June</td>
<td>CC21935 &amp; CC46529</td>
<td><a href="http://www.rescuehelicopter.org.nz">www.rescuehelicopter.org.nz</a></td>
</tr>
<tr>
<td>Auckland Theatre Company Limited</td>
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<td>CC23655, CC23658, CC48094 &amp; CC50332</td>
<td><a href="http://www.atc.co.nz">www.atc.co.nz</a></td>
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<tr>
<td>Coastguard Northern Region Incorporated</td>
<td>30 June</td>
<td>CC30031</td>
<td><a href="http://www.coastguard.org.nz">www.coastguard.org.nz</a></td>
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<tr>
<td>Drowning Prevention Auckland - WaterSafe Auckland Incorporated</td>
<td>30 June</td>
<td>CC11454</td>
<td><a href="http://www.dpanz.org.nz">www.dpanz.org.nz</a></td>
</tr>
<tr>
<td>New Zealand National Maritime Museum Trust Board</td>
<td>30 June</td>
<td>CC10056</td>
<td><a href="http://www.maritimemuseum.co.nz">www.maritimemuseum.co.nz</a></td>
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<tr>
<td>New Zealand Opera Limited</td>
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<td>CC22724, CC21944 &amp; CC51542</td>
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<tr>
<td>Stardome - Auckland Observatory and Planetarium Trust Board</td>
<td>30 June</td>
<td>CC20451</td>
<td><a href="http://www.stardome.org.nz">www.stardome.org.nz</a></td>
</tr>
<tr>
<td>Surf Life Saving Northern Region Incorporated</td>
<td>30 June</td>
<td>CC21256, CC23043 &amp; CC53628</td>
<td><a href="http://www.lifesaving.org.nz">www.lifesaving.org.nz</a></td>
</tr>
</tbody>
</table>

All of these organisations are registered with the Department of Internal Affairs – Charities Services (Ngā Rātonga Kaupapa Atawhai) and details for each amenity are available online at [www.charities.govt.nz](http://www.charities.govt.nz)
Attachment A

Item 10

Directory

Auckland Regional Amenities Funding Board
P O Box 6969
Wellesley Street
Auckland 1141

Email: arafb.info@gmail.com

www.arafb.org.nz

Chair: Vern Walsh
Deputy Chair: Anita Kileen
Directors: Steve Bootten
Victoria Carter
Precious Clark
Catherine Harland
Lyn Lim
Diane Maloney
Megan McSweeney
Bryan Mogridge

Advisory Officer: Leigh Redshaw

Bankers: ASB Bank Ltd

Lawyers: Buddle Findlay

Auditors: Office of the Auditor-General/Audit New Zealand

Charities Registration Number: CC38181

Relevant Legislation: Auckland Regional Amenities Funding Act 2008

January 2018
Te take mō te pūrongo / Purpose of the report

1. To obtain approval to dispose of one council-owned site that Panuku Development Auckland (Panuku) considers suitable for sale.

Whakarāpopototanga matua / Executive summary

2. For the 2017/2018 financial year, Panuku’s statement of intent (SOI) requires it to identify properties from within council’s portfolio that may be suitable for potential sale to a combined value of $60 million, and to sell $100 million of property by 30 June 2018.

3. Proposed Lot 14, 61-117 Clark Road, Hobsonville is vacant land that was intended to be retained by council for open space purposes. The balance of 61-117 Clark Road, Hobsonville and the adjoining stopped road (shown as Areas 2, 3 and 4 in the attachment to this report) was approved for disposal in June 2016. This land was intended to be disposed to Homes, Land, Community (2017) Limited (HLC) for urban renewal and housing purposes. HLC requested council consider divestment of the entire site. Council’s Parks and Recreation Policy team subsequently reviewed the site and advised that it was not required for future open space purposes as there is adequate parks provision in the locality. Retaining the site would be an overprovision in terms of council’s Open Space Provision Policy and could be rationalised. HLC wish to purchase the site along with Areas 2, 3 and 4 for housing and urban renewal purposes.

4. Consultation with council departments and its CCOs, iwi authorities and the Upper Harbour Local Board has now taken place. No alternative service use has been identified for the site. The Upper Harbour Local Board oppose the proposed disposal of the site due to concerns regarding the loss of open space in an area where residential intensification is planned. As no planned or funded alternative service use was identified, and as council’s Parks and Recreation Policy team has advised that this site is not needed for open space purposes, Panuku recommends it be divested.

Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) approve, subject to the satisfactory conclusion of any required statutory processes, the disposal of approximately 3,370m² (subject to survey) at 61-117 Clark Road, Hobsonville, comprised of an estate in fee simple more or less being Lot 1 DP 308781, contained in computer freehold register CFR 34081 to Homes, Land, Community (2017) Limited for housing and urban renewal purposes; and

b) agree that final terms and conditions be approved under the appropriate delegations.

Horopaki / Context

5. Panuku is required to undertake ongoing review of council’s non-service property assets. This includes identifying properties from within council’s portfolio that may be suitable for potential sale, and development if appropriate. Panuku has a particular focus on achieving housing and urban regeneration outcomes. Identifying properties suitable for potential sale contributes to the Long Term Plan 2015-2025 (LTP) and the Auckland Plan focus of accommodating the significant growth projected for the region over the coming decades and by providing council with an efficient use of capital and prioritisation of funds to achieve its activities and projects.
Tātaritanga me ngā tohutohu / Analysis and advice

6. Panuku and council’s Land Advisory Services team work collaboratively on a comprehensive review process to identify properties in the council portfolio that may be suitable to sell. Once identified as a potential sale candidate Panuku takes the property through a multi-stage engagement process.

7. The first phase of the process involves engagement with all council departments and relevant CCOs. The engagement establishes whether a property is needed for a future funded project or whether it must be retained for a clear strategic purpose. Once a property has been internally cleared of any service requirements, Panuku then consults with local boards, mana whenua and ward councillors. All sale recommendations must be approved by the Panuku Board before a final recommendation is made to the Finance and Performance Committee.

Property information

8. Proposed Lot 14, 61-117 Clark Road, Hobsonville comprises approximately 3,370m². It is part of a larger vacant site which was formed from residual land originally transferred from the Crown to the former Waitakere City Council for the purpose of a future public work in 2004. While the nature of the public work was not specifically defined, the purchase of the land was seen as a strategic land acquisition due to its proximity to the proposed future Hobsonville town centre.

9. Land shown as Areas 2, 3 and 4 in the attachment to this report was approved for disposal by the Finance and Performance Committee in June 2016. It was intended that Areas 2, 3 and 4 be sold to HLC for its development partner AVJennings to develop into residential housing.

10. The subject portion of 61-117 Clark Road, Hobsonville was intended to be retained by council for open space purposes in accordance with the Buckley B Precinct, Hobsonville Point scheme plan. The retention of the site was also intended to mitigate the effects of surrounding residential development on the sightlines for the adjacent historic settler’s church.

11. Following the 2016 divestment approval, negotiations commenced with HLC about it acquiring Areas 2, 3 and 4. During negotiations HLC requested council consider divestment of the entire site. Council’s Parks and Recreation Policy team subsequently reviewed Proposed Lot 14, 61-117 Clark Road, Hobsonville and advised that there is adequate parks provision in the locality with the creation of an additional neighbourhood park. Further, the Parks and Recreation Policy team found that retaining the site for open space would result in an overprovision of open space in terms of council’s Open Space Provision Policy. As such, it was proposed that the site be rationalised.

12. If Proposed Lot 14, 61-117 Clark Road, Hobsonville is approved for sale, HLC will undertake, at its cost, the construction of the new Clark Road Extension, the upgrading of existing road frontages and the remediation of the stopped road area.

13. The Auckland Unitary Plan zoning is Residential – Mixed Housing Urban Zone; Hobsonville Point sub-precinct B.

14. Proposed Lot 14, 61-117 Clark Road, Hobsonville is indicatively valued at $1.8 million.

Internal consultation

15. The internal consultation for this site commenced in October 2017. No alternative service uses were identified.
16. Council’s Heritage team assessed the site and advised that while the proposed future use of residential development across the road from the historic church does have the potential to affect the heritage values of the church, this could likely be mitigated through careful design. For example, ensuring the proposed residential development included generous front yard setbacks and a landscaped road reserve/development edge would provide the necessary buffer between the historic church and the proposed residential development. This approach would ensure most of the sightlines and landscaped qualities identified in the Buckley B Precinct, Hobsonville Point scheme plan were maintained, and would achieve similar outcomes in relation to heritage values.

17. The results of the rationalisation process are that this site is not required for future open space purposes in accordance with council’s Open Space Provision Policy or for any other current or future service requirements. As such, Panuku recommend that Proposed Lot 14, 61-117 Clark Road, Hobsonville be divested to HLC for housing and urban renewal purposes. The final terms and conditions would be approved under the appropriate delegations.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views**

18. Local boards are informed of the commencement of the rationalisation process for specific properties. Following the close of the EOI period, relevant local boards are engaged with. Panuku attend workshops with the relevant local board and provide information about properties being rationalised in its local board area. A report is subsequently prepared for the local board business meeting so that its views can be formalised.

19. If a local board wishes to retain a site, its views are considered by Panuku and if necessary referred to relevant council departments for consideration. The local board may be asked to prepare a business case which sets out the service need that will be met by retaining the site, along with how the service use will be funded.

20. The Upper Harbour Local Board opposed the proposed disposal of Proposed Lot 14, 61-117 Clark Road, Hobsonville at its 14 December 2017 business meeting on the basis it is opposed to the loss of open space in an area where residential intensification is planned.

**Tauākī whakaaweawe Māori / Māori impact statement**

21. The importance of effective communication and engagement with Māori on the subject of land is understood. Panuku has a robust form of engagement with mana whenua groups across the region. Each relevant mana whenua group is contacted independently regarding council owned-land subject to rationalisation and requested to give feedback.

22. Panuku’s engagement directs mana whenua to respond with any issues of particular cultural significance the group would like to formally express in relation to the subject properties. We also request notes regarding any preferred outcomes that the group would like Panuku to consider in our formal reporting to council. Possible outcomes could include commemoration or physical acknowledgment in the form of plaques or other mutually agreed means of recognition.

23. Mana whenua groups are also invited to express potential commercial interest in the subject properties. In the event a property is approved for sale, all groups are alerted of the decision, and all groups are alerted once a property comes on the market.

**Record of mana whenua engagement**

24. 12 mana whenua iwi authorities were contacted regarding the potential sale of Proposed Lot 14, 61-117 Clark Road, Hobsonville. The following feedback was received:

a) Ngāti Manuhiri

   No feedback received for this site.
b) Te Runanga o Ngāti Whatua
No feedback received for this site.

c) Ngāti Whatua o Kaipara
Ngāti Whatua o Kaipara confirmed it is interested in potentially acquiring this site. Panuku replied to Ngāti Whatua o Kaipara confirming its commercial interests had been noted on the property file. If approved for disposal to HLC, Panuku will follow up with Ngāti Whatua o Kaipara advising that this site has been divested for urban renewal purposes.

d) Ngāti Whatua Ōrākei
No feedback received for this site.

e) Te Kawerau a Maki
This site is within an area of cultural significance to Te Kawerau a Maki, which advised it will require engagement on any future development. However, there are no known site-specific issues of a cultural nature. Panuku replied to Te Kawerau a Maki confirming its cultural interests had been noted on the property file, and will also be provided to HLC. If approved for disposal to HLC, Panuku will follow up with Te Kawerau a Maki advising that the site has been divested for urban renewal purposes.

f) Ngāi Tai ki Tāmaki
Ngāi Tai ki Tāmaki advised there is no interest in this property.

g) Te Ākitai – Waiohua
No feedback received for this site.

h) Ngāti Te Ata – Waiohua
No feedback received for this site.

i) Ngāti Paoa
Ngāti Paoa advised it does not have a ‘lead cultural interest’ in this area, and will defer to the iwi mana whenua of the area. Ngāti Paoa also confirmed its general interest in commercial opportunities for any council property approved for disposal, however again advised that they will take direction from the lead iwi mana whenua for this specific site.

j) Ngāti Whanaunga
Ngāti Whanaunga advised that the site could be an opportunity for a future “Kokiri” development for a community benefit. Panuku replied to Ngāti Whanaunga confirming its interests had been noted on the property file, and will also be provided to HLC. If approved for disposal to HLC, Panuku will follow up with Ngāti Whanaunga advising that the lot has been divested for urban renewal purposes.

k) Ngāti Maru
No feedback received for this site.

l) Ngāti Tamatera
No feedback received for this site.

Ngā ritenga ā-pūtea / Financial implications
25. In accordance with the Local Government Act 2002, the annual SOI states the activities and intentions of Panuku, the objectives that those activities will contribute to and performance measures and targets as the basis of organisational accountability. For the 2017/2018 financial year Panuku is required to identify properties from within council’s portfolio that may be suitable for potential sale to a combined value of $60 million and to sell $100 million of property by 30 June 2018.
26. Should the recommended disposal of Proposed Lot 14, 61-117 Clark Road, Hobsonville not be approved, there may be a consequential impact in meeting the forecasted LTP and SOI revenue targets.

27. If the entire site is approved for sale, HLC will undertake, at its cost, the construction of the new Clark Road extension, the upgrading of existing road frontages and the remediation of the stopped road area. Council will need to fund these additional costs should the recommended disposal of the site not proceed. The indicative cost of the works is $3.7 million plus GST.

Ngā raru tūpono / Risks

28. The site has been assessed against council's significance policy and it was determined that a decision on the proposed disposal is not deemed to be significant. The operational impacts are below the quantitative thresholds for significance. The disposal enables the council to continue to deliver on the well-being of the local areas and region and does not negatively impact service levels.

Ngā koringa ā-muri / Next steps

29. The results of the rationalisation process for the site is that it is not required for current or future service requirements. Due to this, we recommend that it be divested.

30. If this site is approved for sale, Panuku will negotiate the disposal of the entire site to HLC for housing and urban renewal purposes. The final terms and conditions would be approved under the appropriate delegations.

31. Should the site be approved for disposal, the Buckley B Precinct consent holder obligations relating to the ongoing retention and maintenance of the site as a park in perpetuity will need to be varied to enable the proposed redevelopment of the site for residential purposes.

Ngā tāpirihanga / Attachments

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<tr>
<th>No.</th>
<th>Title</th>
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<tr>
<td>A0</td>
<td>Images of Proposed Lot 14, 61-117 Clark Road, Hobsonville</td>
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Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Anthony Lewis - Senior Advisor, Portfolio Review, Panuku Development Auckland</td>
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<tbody>
<tr>
<td>Letitia Edwards - Team Leader Portfolio Review, Panuku Development Auckland</td>
</tr>
<tr>
<td>Marian Webb - Manager Portfolio Strategy, Panuku Development Auckland</td>
</tr>
<tr>
<td>David Rankin - Chief Operating Officer, Panuku Development Auckland</td>
</tr>
<tr>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
Images of Proposed Lot 14, 61-117 Clark Road, Hobsonville

[Diagram of proposed lot with annotations]

--End--
Attachment A
Te take mō te pūrongo / Purpose of the report
1. To seek approval for a portion of a council owned service property to be sold with the sales proceeds resulting from the optimisation of this asset to be reinvested into eligible local projects in the Whau Local Board area.

Whakarāpopototanga matua / Executive summary
2. Optimisation is a new approach to the way service property is developed and funded which alters the balance of incentives to local boards by providing the opportunity to create direct local benefits and reinvestment. The policy was approved by the Finance and Performance Committee in 2015.
3. It is self-funding, maximises efficiencies from service assets and maintains levels of service whilst releasing property for sale or development. A key element of the proposal is that service property is optimised and that sale proceeds are locally reinvested to advance approved council projects or activities on a cost neutral basis.
4. Optimisation will contribute to a number of broader strategic outcomes and is a step towards implementing Panuku’s expanded development and regeneration role to facilitate, enhance and speed up the delivery of housing and town centre redevelopment activity.
5. The property recommended for optimisation in this report comprises part of 37 New Windsor Road, Avondale. This property is currently part of the council’s open space network and incorporates approximately 1055sqm of land which contains a standalone residential dwelling that is scheduled as a category B heritage item in the Unitary Plan.
6. The Whau Local Board identified the residential portion of this property as a potential candidate for optimisation and requested that Panuku assess it.
7. The optimisation process for 37 New Windsor Road commenced in July 2017. Panuku has completed the investigations and confirms that there is a viable optimisation project to progress further. This involves the divestment of the residential portion of the property comprising approximately 1055sqm as it is not currently utilised for open space purposes. The sales proceeds will be reinvested into other local projects anticipated in the LTP or other strategic documents such as the Open Space Network Plan.
8. The Whau Local Board and council’s Parks, Sports and Recreation department confirmed that the property does not serve the New Windsor community well in its current form. They support the divestment of the residential portion of 37 New Windsor Road, Avondale to enable the sale proceeds to be reinvested.
9. The Parks, Sports and Recreation Department have proposed several reinvestment projects for New Windsor, identified within the Whau Open Space Network Plan 2017 that currently require funding to progress. These range from the provision of new park equipment to fill a gap in the current provision through to the purchase and development of new open space in the area. In line with the optimisation policy, the sales proceeds from the optimisation of this site can be ring-fenced and allocated to one or more of these eligible projects.
Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) approve:
   i) subject to the satisfactory conclusion of any statutory processes the disposal of approximately 1055sqm (subject to survey) of 37 New Windsor Road, Avondale;
   ii) that the sale proceeds resulting from the optimisation of this service property be ring-fenced for reinvestment into one of the Whau Local Board’s eligible projects; and
   iii) agree that final terms and conditions be approved under the appropriate delegations.

Horopaki / Context

10. The service property optimisation policy was approved by the Finance and Performance Committee in March 2015. Economic realities have promoted a critical review of expenditure across council in order to reduce or slow down capital and operational outlay and optimise investment decisions.

11. There is also a greater focus on the realisation of value from assets no longer required for service purposes. However, potentially significant opportunities in the service portfolio remain untapped due to the perception that no local benefits are returned from the release of underperforming, but potentially valuable, local service property. As a result, less than optimal and often costly service property remains held and its latent value is not realised. Optimisation seeks to maximise efficiencies from service assets while maintaining levels of service and releasing some or all of that property for sale or development. A key element of optimisation is that the sale proceeds are locally reinvested to advance approved projects and activities on a cost neutral basis.

12. Once a property has been identified as a viable optimisation project, Panuku engages with relevant council departments to establish whether the property meets the optimisation principles and agreed criteria, or whether it must be retained in its current form for a future funded project or public work.

13. Once a property has met the criteria, Panuku then consults with local boards and mana whena. All sale recommendations must be approved by the Panuku board before a final recommendation is made to Auckland Council’s Finance and Performance Committee.

Tātaritanga me ngā tohutohu / Analysis and advice

37 New Windsor Road, Avondale

14. 37 New Windsor Road, Avondale was acquired by the former Auckland City Council for a park. The site is currently utilised as a relatively undeveloped green space. A residential dwelling, managed by Panuku, is located on a portion comprising approximately 1055sqm, and is partially closed off from the rest of the site with a fence. The residential dwelling has heritage status and is a Category B Historic Heritage Place listed under Schedule 14.1 of the Auckland Unitary Plan. 37 New Windsor Road, Avondale is zoned Open Space – Informal Recreation.

15. The optimisation process for this property commenced in July 2017 when the Whau Local Board approached Panuku requesting it consider 37 New Windsor Road as a candidate for optimisation.
16. Panuku worked with the Parks, Sports and Recreation department and the Whau Local Board to investigate whether the divestment of approximately 1055sqm of the reserve would meet the criteria set out in the Council’s optimisation policy to enable the proceeds of sale to be redirected into more optimal open space outcomes within the Whau Local Board area.

17. Council’s Parks, Sports and Recreation department confirmed that the park at 37 New Windsor Road does not serve the New Windsor community well in its current form, and supports the optimisation of the residential portion of land by way of divestment.

18. The relevant council departments were subsequently consulted with by Panuku to determine the suitability of this property for optimisation. As the residential dwelling at 37 New Windsor Road has is a Category B Historic Heritage Place listed under Schedule 14.1 of the Auckland Unitary Plan, advice was sought from Council’s heritage department as part of the internal consultation process. Council’s Heritage department advised that it would like to ensure the historic heritage values of the subject portion of 37 New Windsor Road are acknowledged and protected against any future changes, and recommended that controls are put in place to protect the dwelling following any potential divestment.

19. No other issues were raised during the internal consultation process for 37 New Windsor Road, Avondale. On this basis, Panuku proceeded with the next steps of the optimisation process.

20. A market valuation has also been obtained on the assumption that the residential portion of the site is rezoned to be consistent with the Mixed Housing Suburban zoning of the adjacent properties. The current independent market value of the site is approximately $1.2 million.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

21. The Whau Local Board initially identified the residential portion of 37 New Windsor Road as a potential candidate for optimisation. Numerous workshops were subsequently held with the Whau Local Board.

22. The Whau Local Board formally endorsed the potential sale of the approximately 1055sqm of 37 New Windsor Road, Avondale at its November 2017 business meeting to enable the sale proceeds to be reinvested into delivery of the Whau Local Board Open Space Plan’s projects in the surrounding area.

Tauākī whakaaweawe Māori / Māori impact statement

23. Panuku undertook mana whenua engagement to understand if there were any issues of cultural significance or potential commercial interest in the subject site. 13 mana whenua iwi authorities were contacted regarding the potential sale of 37 New Windsor Road, Avondale on 9 January 2018. The following feedback was received.

a) Te Runanga o Ngāti Whatua
   No feedback received for this site.

b) Ngāti Whatua o Kaipara
   No feedback received for this site.

c) Ngāti Whatua Ōrākei
   No feedback received for this site.

d) Te Kawerau a Maki
   No feedback received for this site.

e) Ngāi Tai ki Tāmaki
   No feedback received for this site.
f) **Ngāti Tamaoho**
No feedback received for this site.

g) **Te Ākitai - Waiohua**
No feedback received for this site.

h) **Ngāti Te Ata - Waiohua**
No feedback received for this site.

i) **Te Ahiwaru**
No feedback received for this site.

j) **Ngāti Paoa**
Ngāti Paoa has advised that the area is of cultural significance. Ngāti Paoa did not specify how it wished for its cultural interest to be recognised but they would like to be involved in any further dialogue on potential outcomes. Should the divestment of the subject portion of this site be approved, Panuku will work with Ngāti Paoa regarding how they would like their interest to be recognised.

k) **Ngāti Maru**
No feedback received for this site.

l) **Ngāti Tamatera**
No feedback received for this site.

m) **Waikato-Tainui**
No feedback received for this site.

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**Ngā ritenga ā-pūtea / Financial implications**

24. Optimisation seeks to alter the balances of incentives to those local boards and communities prepared to deal constructively with underperforming service-assets by providing the opportunity to receive direct local benefits and tap into efficiencies. A key element of the proposal is that service property is ‘optimised’ and sale proceeds are locally reinvested to advance approved projects or activities on a cost neutral basis. Reinvestment seeks to advance planned LTP projects and current business strategies and plans.

25. The proceeds of optimisation are reinvested locally in to eligible community projects at a neutral cost and no cost to the ratepayer. Optimisation by way of direct reinvestment will result in the Whau Local Board utilising the proposed divestment proceeds from the subject site to reinvest into an eligible local project of its choosing.

**Ngā raru tūpono / Risks**

26. Optimisation of this property will reduce holding costs and on-going maintenance costs and generate latent value. It will generate a financial return that can be reinvested in to local eligible community projects within a potentially quicker time frame.

**Ngā koringa ā-muri / Next steps**

27. Should the residential portion of 37 New Windsor Road, Avondale be approved for divestment, Panuku will seek to sell this site at market value.

28. As 37 New Windsor Road, Avondale is not a formal park or reserve subject to the Reserves Act 1977 or Local Government Act 2002, council’s Parks department seek to classify the balance of the land as park under the Local Government Act 2002. Panuku will use the Public Works Act 1981 to set apart the portion of land proposed to be retained for the purpose of park.
29. The divestment of the residential portion of 37 New Windsor Road will be subject to a plan change to change the zoning from Open Space – Informal Recreation to reflect the intended land use of private residential activity. In this case, given that the site sits within a Mixed Housing Suburban zone the recommendation is that any proposed plan change adopts this zoning.

30. The subject site is exempt from the offer back obligations set out in section 40 of the Public Works Act 1981.

**Ngā tāpirihanga / Attachments**

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<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
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<tbody>
<tr>
<td>A6</td>
<td>Attachment 1: Arial plan of 37 New Windsor Road, Avondale</td>
<td>105</td>
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**Ngā kaihaina / Signatories**

<table>
<thead>
<tr>
<th>Authors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marian Webb - Manager Portfolio Strategy, Panuku Development Auckland</td>
<td>Lori Butterworth - Property Management, Panuku Development Auckland</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Authorisers</th>
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</tr>
</thead>
<tbody>
<tr>
<td>David Rankin - Chief Operating Officer, Panuku Development Auckland</td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
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</table>
37 New Windsor Road, Avondale (Arthur Currey Reserve)

(Residential portion of park approximately 1055sqm marked in red)
Te take mō te pūrongo / Purpose of the report
1. To approve proposed budget changes relating to the following non-budgeted expenditure items:
   - Rawene remedial works
   - updated City Centre Targeted Rate funded programme of work (TR7)
   - Wynyard Quarter land acquisition
   - new head office lease for Auckland Tourism, Events and Economic Development (ATEED)

Whakarāpopototanga matua / Executive summary
2. The Finance and Performance committee holds delegation for establishing and managing a structured approach to the approval of non-budgeted expenditure (including grants, loans or guarantees) that reinforces value for money and an expectation of tight expenditure control.
3. This report supports the committee in exercising that delegation by presenting the proposed budget changes summarised below. Full detail of these items have been collected from relevant business areas of the council and provided in the later part of the report.

Rawene remedial works
4. Two landslides occurred at a car park at Rawene Reserve, Birkenhead on 9 October and 28 November 2017. The road, carpark, stormwater, and wastewater assets were destroyed by the landslides. The causes are still being determined.
5. Emergency remedial works were undertaken over the Christmas holiday period and were completed on 19 January 2018. These works were intended to make the properties on Mokoia Road safe until a permanent stabilisation solution for the whole landslide is designed and built.
6. Staff seek the approval of $3.85 million unbudgeted capital expenditure (capex) to cover $2 million for the emergency works completed and $1.85 million for the design and ongoing construction supervision of permanent stabilisation works.
7. As the scale of remediation will not be known until the design is progressed, staff will report back with the full cost of the permanent solution in March 2018.

Updated City Centre Targeted Rate funded programme of work (TR7)
8. In November 2017, the Auckland City Centre Advisory Board (ACCAB) endorsed the updated City Centre Targeted Rate funded programme of works (TR7), as part of the regular review. The programme is predominately funded from the City Centre Targeted Rate (CCTR).
9. This update involves mainly timing adjustments to projects, which reflects the dynamic environment in the city centre. Key budget changes to 2017/2018 are highlighted below:
   - Quay Street Public Realm Upgrade: $400,000 brought forward from outer years.
   - Albert Street upgrade (Public realm improvement): $5 million deferred to later years.
   - City feature lighting project: new operational expenditure (opex) of $45,000.
   - Beach Road cycleway rehabilitation work: new opex of $35,000.
10. Overall, $6.6 million of targeted rate funding is re-phased to be spent in later years, reducing the planned spend for the current year from $21.3 million to $14.7 million. The City Centre Targeted Rates reserve maintains a positive balance.

**Wynyard Quarter land acquisition**

11. Auckland Transport (AT) is responsible for delivering Wynyard Quarter (WQ) South Road Upgrades project. The scope involves the development of Central Park and the continuation of the Daldy Street Linear Park from Pakenham Street to Fanshawe Street. AT is delivering parks element on behalf of Panuku Development Auckland and Auckland Council.

12. Property acquisition is required to enable the delivery of the parks within the WQ Central package of the overall work programme. The two sites are 155-167 Fanshawe Street (conditional offer made) and 100 Halsey Street (verbal agreement reached).

13. To enable the project delivery, avoid delays and misalignment between the road and park upgrades, and private development, $16 million is required for the two property acquisitions in 2017/2018. It is proposed that AT complete the acquisitions in the current year with the potential capex underspend and defer corresponding delayed projects into future years (i.e. timing adjustment).

**New head office lease for ATEED**

14. ATEED’s lease for its head office at 139 Quay Street expires on 31 December 2018, with no automatic right of renewal. The ATEED board approved entering into negotiation for a new lease following a recommendation by the ATEED Leadership Team.

15. The preferred option has an estimated fit-out cost of $3.2 million. In addition, an operational cost of $0.8 million is required for the make good of the current lease. ATEED has no budget for either expenditure. Whilst ATEED would incur the costs in the next financial year, it needs certainty on budget now before signing any lease agreement.

16. ATEED has advised that the preferred option represents the best value for money in terms of net rent over the proposed nine-year lease term, costing $4.7 million less than staying in the current premise. In addition, the preferred option aligns with the council’s work place strategy principles and is close to Auckland Council, other council-controlled organisations (CCOs), commercial partners and the Wynyard Quarter Innovation Precinct.

**Overall budget impact**

17. Overall the financial impacts of the budget changes considered in this report are summarised below:

- $3 million increase in net borrowing for 2017/2018
- $4 million increase in net borrowing for 2018/2019
- $65,000 impact on the group operating result for 2017/2018

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<th>Item ($m)</th>
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<th>FY18 Result</th>
<th>FY19 Debt</th>
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<td><strong>(0.07)</strong></td>
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<td><strong>1.09</strong></td>
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Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) approve $3.85 million of capital expenditure for Rawene remedial works, including:
   (i) $2 million for emergency works competed
   (ii) $1.85 million (of which $0.85 million is a variable estimate) for the consultancy, investigation and design costs for the permanent stabilisation solution in 2017/2018 and 2018/2019.

b) note that the approval for unbudgeted physical works to stabilise the site will be brought back to the Finance and Performance Committee in March 2018.

c) approve the updated City Centre Targeted Rate funded work programme for 2017/2018 as per Attachment A.

d) approve the following property acquisitions at a total cost of up to $16 million, provided for from Auckland Transport’s capital programme timing adjustment in 2017/2018:
   (i) 155-167 Fanshawe Street, Auckland
   (ii) 100 Halsey Street, Auckland

e) approve $3.2 million of capital expenditure budget in 2018/2019 for the fit-out of the new head office of Auckland Tourism, Events and Economic Development (ATEED).

f) approve $0.8 million of operational expenditure budget in 2018/2019 for the make good of ATEED’s current head office at 139 Quay Street.
Rawene remedial works

Horopaki / Context
18. Rawene carpark and reserve in Birkenhead are built upon a closed un-engineered landfill that infilled two gullies with construction waste from developments in the area in the mid-twentieth century. The closed landfill also has a number of other infrastructure assets such as stormwater, wastewater and other utilities running through it.

19. On 9 October 2017, a landslide occurred on Rawene Road and carpark. The road, carpark, stormwater, and wastewater assets were destroyed by the landslide. The causes are yet to be determined and a full report on this incident and future costs will be provided to the Finance and Performance Committee in March 2018.

20. Auckland Transport started remedial works on 14 November 2017. However, a second, larger landslide occurred on 28 November 2017. This second failure raised concerns that some buildings to the back of the carpark (and fronting Mokoia Road) may be at risk of damage.

21. The risk to buildings and occupants triggered the need for emergency stabilisation works at the top of the landslide. These were constructed over the Christmas holiday period and were completed on 19 January 2018. After these works, management of the landslide stabilisation transferred from Auckland Transport to Auckland Council.

22. The landslide continues to move slowly and remains a significant risk. To address this risk, it is proposed to undertake permanent remediation works over summer 2018 and 2019. While the nature of the ground conditions makes work over the winter period more challenging, some work will occur in this period to manage risks.

Tātaritanga me ngā tohutohu / Analysis and advice
23. Auckland Council’s Engineering and Technical Services department is managing the remediation and ongoing works on behalf of the council group.

24. Urgent works to make upper section of the slope safe were undertaken over the Christmas holiday period and completed on 19 January 2018. As these works were urgent and unbudgeted, it is requested that the committee retrospectively approve the emergency works capital expenditure of $2 million.

25. While the emergency works will enable the permanent stabilisation works to be constructed safely, they are a temporary solution.

26. A contract for design and supervision of future construction works was awarded and works commenced on 22 January 2018. The design of works was left open enough to not constrain future development and funding opportunities, and is only for stabilising the site, not wider development design. The designers scope requires the first stabilisation construction works to be procured, consented and on site by March 2018.

27. The appointment of designers and associated unbudgeted expenditure for 2018 and 2019 (covering design and construction works supervision) is estimated to be $1.85 million, of which $1 million of cost is certain, whereas $850,000 is an estimate because of uncertainty in how the problem will be solved.

28. As the costs and scale of remediation construction will not be known until the design is progressed, the approval for additional unbudgeted works will be sought in March 2018.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
29. The Rawene Road carpark and reserve are within the Kaipātiki Local Board area. Local boards have delegated responsibilities for local parks and reserves and have an interest in local economic development. The Kaipātiki Local Board Plan 2017 commits the board to a natural environment that is protected for future generations to enjoy and vibrant urban centres.
30. The landslide has created disruption and concern for local residents and businesses. The local board and local businesses have also expressed concern that the planned start of construction for the Birkenhead Road upgrade will further impact local businesses, as the landslide has impacted on car park numbers in the town centre. Auckland Council will consider these concerns when making a decision about the planned construction start date for the Birkenhead Main Street Upgrade early in 2018.

31. Council staff will keep local residents, businesses and the local board well informed about the remedial works and will work to mitigate any disruption, where possible. Staff will also work closely with the local board on the eventual remediation of the local reserve.

**Tauākī whakaawaewe Māori / Māori impact statement**

32. Due to the urgent nature of the works, no consultation or engagement with mana whenua as kaitiaki was undertaken. The impact of the landslide and proposed works on mana whenua values and Māori outcomes has not yet been analysed. Consultation and engagement with mana whenua is likely to occur through the resource consent process.

**Ngā ritenga ā-pūtea / Financial implications**

33. All of the works are unplanned. They are not covered by and cannot be funded from existing budgets.

34. As detailed in the table below, staff seek approval for the unbudgeted cost of $2 million for the emergency works, as well as $1 million fixed cost and $850,000 estimated costs for the design and ongoing construction supervision. These costs will be capital expenditure.

**Key financial breakdown:**

<table>
<thead>
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<th>FY20</th>
<th>10-year impact</th>
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<td>Additional operational expenditure</td>
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<tr>
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<tr>
<td>Investigation, design, supervision</td>
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<td>Any other funding sources</td>
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<td>0.85</td>
<td>0</td>
<td>3.85</td>
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</table>

35. While the current consultancy works will scope and determine the final works, preliminary assumptions around construction indicate it may cost between $10 million and $20 million, depending on the extent of contamination from the landfill.

36. As there is a degree of uncertainty, it is recommended that committee consider this expenditure in March 2018 when more information is available.

**Ngā raru tūpono / Risks**

37. There are several risks associated from not undertaking further work to remediate the site, including potential further land movement and instability, permanent access issues, costs associated with managing infrastructure, environmental risk and reputational risk from no action.

38. The land instability risk is well understood. Without remediation, the land will continue to move, and more contaminated material will slowly migrate to private properties at the south of the site. There is no stability risk to these houses, but their land will be affected by the contamination. There are also safety risks to any people who access the moving slope from private land or from closed-off walkways into the reserve.
39. Without remediation, sudden failures of the slope are likely, and the area of land in front of the emergency works will fail over time, leaving a retained sheet pile face of up to 7 meters within private properties at the back of the shops. This may in time further impact on the stability of adjacent land to the sides of the slip. The car park and back access to the shops and properties will remain fenced off for public safety at the council’s cost.

40. The stormwater and wastewater that is currently being pumped out of the landslide will continue to need to be pumped, at growing operational expense (currently $80,000 per month), because it cannot be fixed safely. These systems will fail at times when the land beneath them moves, leading to environmental risks from the uncontrolled release of raw sewage and stormwater that will not only contaminate the site further but also the downstream reserve and ponds.

41. The current risk of instability above the proposed stormwater improvement project at Chelsea Estate will mean that the project cannot be built as planned for safety reasons. It may have to be cancelled or subject to significant cost and programme over-runs if the remediation works at Rawene are not progressed, because the risk of sudden slips means that construction workers will not have time to evacuate the site safely.

42. The remedial works will stabilise the site, without which there is no opportunity for further development. There is a risk that the community may become confused between the council’s plans to stabilise the site, and wider development plans which may bring car parking or other amenity. For clarity, this funding request only covers remediating the site.

43. Inaction and failure to remediate this landslide would negatively impact on the council’s trust and confidence score through community dissatisfaction.

Ngā koringa ā-muri / Next steps

44. Subject to committee approval, staff will progress the remediation design works at Rawene with a view to seeking committee approval for the unbudgeted expenditure for construction remediation in March 2018.
Updated City Centre Targeted Rate funded Programme of work

Horopaki / Context
45. The City Centre Targeted Rate funded programme of work is regularly reviewed, updated and discussed with the Auckland City Centre Advisory Board to respond to any significant changes or new proposals.

46. The Auckland City Centre Advisory Board endorsed the previous City Centre Targeted Rate funded programme of work (TR6) on 6 March 2017 (resolution CEN/2017/12).

Tātaritanga me ngā tohutohu / Analysis and advice
47. The most recent update of the programme of works (TR7) contains mainly timing adjustments to existing projects, which reflects changing priorities in the city centre and the delivery pace. Key changes include:
   a) Quay Street Public Real Upgrade is proposed to be brought forward. Whilst this forms part of the infrastructure programme for the America’s Cup (AC36), Quay Street upgrade needs to proceed irrespective of the final decision on AC36.
   b) Albert Street upgrade is proposed to be deferred by one year as informed by the progress of City Rail Link construction.
   c) Additional funding of $45,000 is proposed for the Heart of the City Queen Street feature lighting project. This is due to an increase in budget required by the Heart of the City since the project was first endorsed.
   d) Additional funding of $35,000 to complete Beach Road cycleway rehabilitation work. This work is being jointly funded by Community Facilities and the City Centre Targeted Rate.
   e) The Communications budget has been decreased by $300,000 per annum to reflect the actual spend over the last three years and the anticipated spend over the next seven years.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
48. The latest iteration of the programme of works has not been discussed independently with the Waitematā Local Board. However, there is a local board representative on the Auckland City Centre Advisory Board.

Tauākī whakaaweawe Māori / Māori impact statement
49. Engagement with mana whenua will be ongoing throughout the implementation of the programme of works.

Ngā ritenga ā-pūtea / Financial implications
50. The planned spend of the city centre targeted rate fund is $21.3 million for 2017/2018. The revised spend is $14.7 million for the current year, which means overall $6.6 million spend is deferred. The targeted rate reserve balance remains positive.

Ngā raru tūpono / Risks
51. There is no material risk identified.

Ngā koringa ā-muri / Next steps
52. The Auckland City Centre Advisory Board is anticipating a more significant review of the programme during 2018 that will most likely include greater movement and changes.
Wynyard Quarter land acquisition

Horopaki / Context

53. The Wynyard Quarter (WQ) South Road Upgrades project seeks to give effect to the objectives of the Auckland City Council District Plan – Plan Change 4. The objectives include providing a high quality public realm and a fully functioning, multimodal transport network.

54. The scope of the project involves the streetscape, public space and civil infrastructure upgrades to the roads (shown in Figure 1), the development of Central Park (also known as Wynyard Common) and the continuation of the Daldy Street Linear Park from Pakenham Street to Fanshawe Street.

55. The overall project has three overarching delivery packages defined as the WQ Eastern Package, WQ Central Package and WQ Western Package as shown in Figure 1.

56. An overarching Heads of Agreement (HoA) between then Auckland City Council and Viaduct Harbour Holdings Limited was formed in 2010. This determines the upgrade works are to occur concurrently with private development. A subsequent HoA was formed between Auckland Council, Infratil Infrastructure Property Limited and Transport Auckland Corporate Limited (NZ Bus) in 2015, where the council intended to acquire the leasehold interests of the other parties for the purpose of the Central Park under the Public Works Act 1981.

57. Auckland Transport, on behalf of Panuku Development Auckland, is leading the development of the park elements.

Tātaritanga me ngā tohutohu / Analysis and advice

58. Planning is underway to deliver the road and park upgrades within the WQ Central package from June 2018 to December 2019.
59. Property acquisition is required to enable the delivery of the park elements within the WQ Central Package. The two sites are identified as follows, at an estimated total cost of up to $16 million.

- 155-167 Fanshawe Street Auckland - Mansons Fanshawe Ltd (Property Owner)
  Current status: conditional offer made
- 100 Halsey Street, Auckland - Infratil Infrastructure Property (Lessee)
  Current status: verbal agreement reached

60. To enable the delivery of this package, and to avoid delays to the project or a misalignment between the road and park upgrades, and private development, budget is required for the two property acquisitions this financial year.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

61. The park design was workshoped with the Waitematā Local Board on 24 October 2017. The board directed staff to further consider the following issues:

- select plant species that will attract bees
- consider enclosing the sheltered space in front of the public toilet to prevent rough sleeping and monitor the situation
- consider incorporating a drinking fountain into the design
- share the outcome of mana whenua engagement on selection of tree species
- consider incorporating cycle parking and seats with backs in the design
- assess the play provision.

62. The Waitematā local board provided formal approval for the linear and central parks adoption on the 12 December 2017.

Tauākī whakaaweawe Māori / Māori impact statement

63. Engagement with mana whenua has occurred over several years for the development of public spaces (streets and parks) in Wynyard Quarter. Outcomes from the engagement have been integrated into a range of aspects including suggested names, plant species selection, stormwater management (e.g. rain gardens), art interpretation, and commercial opportunities (e.g. maintenance contracts).

64. Ongoing engagement has informed many aspects of the overall design approach for Wynyard Quarter and particularly the park designs.

65. Most recently, the concept design for the neighbourhood park was presented to Panuku’s working group at its 28 August 2017 meeting. The working group has mana whenua representation.

Ngā ritenga ā-pūtea / Financial implications

66. The parks element within the Wynyard Quarter South Road Upgrade is in the top quartile of priorities in terms of delivery from Auckland Transport’s perspective in the context of Long-term Plan 2018-2028.

67. Given the progress of the negotiations, the purchase is likely to occur in 2017/2018 and $16 million capital expenditure budget would be required now.

68. AT has indicated that it could complete the acquisition with the potential capex underspend in the current year, and at the same time defer the projects of underspend to the future years, resulting in little change to the capex profile across years. In another word, it is proposed that the capex for land acquisition could be provided for in the current financial year through project timing adjustment. Auckland Transport is seeking the council’s approval on this approach.
**Key financial breakdown:**

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**Ngā raru tūpono / Risks**

69. Delaying the property acquisition will have wider programme and cost implications. Changes in the market may lead to an increase in cost to acquire the land necessary to deliver the project. As development occurs in Wynyard Quarter, ground rentals go up and therefore the cost to acquire interests in land will also go up. Given that America's Cup is a driver for development, construction within the quarter is progressing at speed to get tenants in.

**Ngā koringa ā-muri / Next steps**

70. If approved, Auckland Transport will proceed with the land acquisition, provided for from the capex underspend in the current year. Auckland Transport board and management will determine the appropriate projects for deferral, with a view to retaining the current profile of the capital programme across years.
New head office lease for ATEED

Horopaki / Context
71. ATEED’s lease at 139 Quay Street expires on 31 December 2018, with no automatic right of renewal. The ATEED board approved the negotiation of a new lease, following a recommendation by the ATEED Leadership Team.

Tātaritanga me ngā tohutohu / Analysis and advice
72. A detailed business case recommended a preferred lease option chosen from a shortlist of four (including 135 Albert Street). The preferred option was approved by the board on 25 January 2018.

73. The preferred option was favoured because the floor space:
• represents the best value for money in terms of net rent ($4.7m less than staying in the current location) over the proposed nine-year lease term.
• can be fitted out without incurring the cost of temporary decanting of staff (estimated at $0.6m), and associated disruption.
• provides a space and floor configuration in line with the council workplace strategy principles, and allows an improved customer experience as ATEED collaborates with partners to deliver its strategic priorities.
• is closer to Auckland Council, other CCOs, commercial partners and the Wynyard Quarter Innovation Precinct.
• is part of a modern building with a five star energy efficiency rating, and the best end-of-journey facilities of all the options.

74. The process has been facilitated by the council’s Corporate Property Team, with specialist input from Panuku Development Auckland’s commercial property manager. This ensured that ATEED used the specialist advice and expertise available through the shared service agreement, and decisions align with the council group workplace and property strategies.

Ngā whakaawae ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
75. Local boards were not consulted as this issue is a corporate matter and not specific to any particular local boards.

Tauākī whakaawae Ā Māori / Māori impact statement
76. ATEED will seek consultation with the appropriate parties to incorporate Māori principles and design into a new workplace over the next ten months.

Ngā ritenga ā-pūtea / Financial implications
77. The cost of the lease and associated capital expenditure costs of up to $3.2m for the fit-out has been included in the ATEED’s 2018/19 business plan, but not in the Long-term Plan 2015-2025.

78. In addition, there is one-off opex of $0.8 million for the make good of the current head office at 139 Quay Street which ATEED has not budgeted.
Key financial breakdown:

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Ngā raru tūpono / Risks

79. There is a risk that a delay may add costs. ATEED’s 2018/19 Business Plan includes $3.2m for fit out costs (as advised by the council Corporate Property team). If the signing of the final lease is delayed beyond early March, it may impact on the subsequent timing and cost of the fit out programme. To mitigate this risk, ATEED will work with Panuku and Auckland Council Corporate Property teams to manage delays within the fit out programme.

80. ATEED will prepare a communications plan and inform councillors of any material milestones or decisions in the process as part of the ‘no surprises’ policy.

81. ATEED will communicate the benefits of the new premises to staff and business partners and address any concerns associated with the relocation away from 139 Quay Street. Through developed plans and processes enabling agile working, ATEED will adapt to new ways of working and use collaboration spaces within new premises to enhance ATEED’s partnership opportunities and subsequent outcomes for Auckland.

Ngā koringa ā-muri / Next steps

82. Subject to committee approval, ATEED will undertake a Workplace programme of work. In late February a business case will recommend to ATEED’s Leadership Team a vision, purpose, and scope of work for the new premises.

83. A project Steering Group which includes representatives from Panuku Development Auckland and Council Corporate Property team will be accountable the delivery of the relocation in December 2018.

Ngā tāpirihanga / Attachments

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<tr>
<th>No.</th>
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<tr>
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Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Tracy Xu - Financial Analyst</th>
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<tbody>
<tr>
<td></td>
<td>Neil Huang - Principal Advisor</td>
</tr>
<tr>
<td>Authorisers</td>
<td>Ross Tucker - Acting General Manager, Financial Strategy and Planning</td>
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<tr>
<td></td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
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<tr>
<td>1</td>
<td>Downtown Public Spaces</td>
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<td>2</td>
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<td>7</td>
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**Targeted Rate Proposed Capital Sub-Total**: 176,386,555, 2,052,372, 9,885,058, 8,740,415, 38,533,150, 21,431,931, 15,414,900, 26,484,906, 23,285,900, 22,500,900, 23,479,056
## Finance and Performance Committee

**27 February 2018**

### Monthly budget update

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**Targeted Rate Proposed Opex (construction) Sub Total:** 50,907,000

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**Targeted Rate Proposed Opex (Initiatives) Sub Total:** 16,536,000

### Closing CCTB balance (surplus positive, deficit negative)

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<th>Projects</th>
<th>Project Total (all funding sources) 2015-16</th>
<th>General Rate and Sd Party</th>
<th>Targeted Rate Funding</th>
<th>15/16 SPEND</th>
<th>16/17 SPEND</th>
<th>17/18</th>
<th>18/19</th>
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**Targeted Rate Proposed Opex and Capex Sub Total:** 233,220,000

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Council’s Debt Funding Strategy

File No.: CP2018/01212

Te take mō te pūrongo / Purpose of the report
1. To provide information to committee members on Auckland Council’s debt funding strategy.

Whakarāpopototanga matua / Executive summary
2. Following Auckland Council’s recent EUR 500 million debt raising completed in November 2017 Committee members requested further information on council’s debt raising strategy.
3. The Chief Executive requested PwC provide their opinion on council’s debt raising strategy. Their views are attached (Attachment A).

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:
a) note the PwC report on Auckland Council’s debt raising strategy.

Horopaki / Context
4. The Chief Executive requested PwC provide their opinion on council’s debt raising strategy.
5. In the report PwC have outlined the background to the legislation which underpins Council’s statutory obligations with regard to debt and investment management.
6. PwC have also:
   • Given their views on council’s strategy with particular emphasis on the role the offshore markets play
   • Compared council’s strategy to other organisations in New Zealand with similar debt levels
   • Given specific views on the merits (or otherwise) of the recent EUR 500 issuance
   • Addressed our approach to debt investor relations and the benefit (or otherwise) of these engagements.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
7. Local boards were not consulted on this report as this is a region-wide issue and not specific to a particular local board.

Tauākī whakaaweawe Māori / Māori impact statement
8. This decision is not a significant decision for Māori.

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Auckland Council Funding Option</td>
<td>123</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>John Bishop - Treasurer and General Manager Financial Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
Auckland City Council  
Level 15, 135 Albert Street  
Auckland 1023

For the attention of: Stephen Town – Chief Executive  
29 November 2017

Dear Stephen,

Thank you for your email dated 21 November 2017 and the questions relating to Auckland Council’s (Council) debt funding strategy. Before answering these questions, we believe it would be useful that we put some context around Council’s approach to debt management including how this has been interpreted under the clear statutory background context and requirements that Council is obliged to undertake on behalf of rate payers

Legislation

Council’s statutory obligations are outlined in The Local Government Act 2002 and The Local Government (Auckland Council) Act 2009 as follows

S 14(1)(g) – Principles relating to local authorities

A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets

S 101(i) – Financial management

A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community

S 100 – Balanced budget requirement

(1) A local authority must ensure that each year’s projected operating revenues are set at a level sufficient to meet that year’s projected operating expenses.

(2) Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection if the local authority resolves that it is financially prudent to do so, having regard to—

(a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

(b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

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T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz
(c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and

(d) the funding and financial policies adopted under section 102.


Despite section 113 of the Local Government Act 2002, the Auckland Council may borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

Background Context

Council currently has external debt exceeding NZD7.5 billion and this figure is likely to exceed NZD12.0 billion within 10 years. Council is New Zealand’s 2nd largest debt issuer behind the New Zealand Government (NZD83.0 billion) and alongside the LGFA (NZD8.3 billion). In this comparison, we have excluded New Zealand registered banks.

Council is considered a significant borrower in both a New Zealand and international context. Council’s significant borrowing requirements were anticipated in 2011 when Council became the only New Zealand Local Authority permitted to borrow from foreign debt markets in a foreign currency. The required legislation change was supported by Treasury (government) acknowledging that Council’s forecast debt path required greater access to global debt markets in order to fully future proof debt funding capacity in a prudent and efficient manner.

Consistent with Council’s statutory obligations to act in a financially prudential manner for intergenerational ratepayers and the Auckland community as a whole, Council’s funding programme and execution of borrowing strategies have been required to take a long term approach to the stewardship of Council’s liabilities.

The combination of the funding context and statutory requirements are key considerations in responding to the following four questions.

1) What are your views on Council’s funding strategy and the role of the offshore markets?

We believe Council’s funding strategy and use of offshore debt markets is a consistent, prudent and efficient means of satisfying the above underlying statutory objectives to future proof Council’s ability to access long term funding and in ensuring liquidity capacity.

Increased diversity and capacity of funding sources is a lynchpin of Council’s funding strategy and is illustrated by the following chart:
Council has significant funding risk in relation to its debt refinancing profile and forecast new borrowings as the following chart illustrates:
Over the next eight years, Council must raise an average of NZD 1 billion of funds per annum.

Council has access to both New Zealand and offshore debt markets and although the New Zealand market is currently providing the best all up pricing, it is limited in its capacity to fully satisfy Council’s current and future funding needs (i.e. lack of investor appetite for required funding quantum).

The following charts illustrate the size of the New Zealand debt market relative to the overall size of Council’s funding requirements (i.e. small) and also compares the significant depth of the EUR bond market:

### New Zealand bond issuance (NZ issuers)

<table>
<thead>
<tr>
<th>Domestic issuances</th>
<th>Domestic amount issued (NZDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>30</td>
</tr>
<tr>
<td>2016</td>
<td>40</td>
</tr>
<tr>
<td>2015</td>
<td>26</td>
</tr>
<tr>
<td>2014</td>
<td>43</td>
</tr>
<tr>
<td>2013</td>
<td>30</td>
</tr>
<tr>
<td>2012</td>
<td>18</td>
</tr>
</tbody>
</table>

source: Bloomberg
The domestic amount annually issued is a key indicator of market capacity for a borrower such as Council. Annual domestic issuance has averaged NZD 5.7 billion over the past six years. It is important to note that this capacity does not cover Council’s total debt of NZD 7.5 billion.

**EUR bond issuance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount issued (NZDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,206,215</td>
</tr>
<tr>
<td>2016</td>
<td>1,562,484</td>
</tr>
<tr>
<td>2015</td>
<td>1,651,272</td>
</tr>
<tr>
<td>2014</td>
<td>2,095,287</td>
</tr>
<tr>
<td>2013</td>
<td>2,207,308</td>
</tr>
<tr>
<td>2012</td>
<td>2,559,447</td>
</tr>
</tbody>
</table>

Source: Bloomberg

By contrast, the EUR bond market has had annual average issuance equivalent to NZD 1.8 trillion, illustrative of the vastly superior funding market capacity compared to New Zealand’s annual domestic issuance of NZD 5.7 billion.

**New Zealand Debt Market**

Council accesses funding in the New Zealand debt market predominantly from domestic retail investors, wholesale institutions (both domestic and offshore), banks and the LGFA.

**LGFA** has been the local government sector’s most efficient and cheapest provider of term debt since its inception in 2011. However, Council is limited in its access to borrowings from the LGFA to a maximum of 40% of LGFA’s balance sheet (Council has borrowed NZD 2.40 billion from LGFA representing 28% of LGFA’s balance sheet). The current “headroom” availability totals NZD 800 million and this is carefully managed by Council in terms of utilising it prudently in terms of pricing, term and capacity availability compared with alternative diversified funding from other debt markets. There is a close relativity between the LGFA and Council’s balance sheets and it is likely that LGFA will only be able to satisfy between 35% and 45% of Council’s funding requirements on an ongoing basis. There is potential volatility around LGFA’s balance sheet given recent government funding initiatives such as the Housing Infrastructure Fund (HIF). This fund will deflect funding away from the LGFA and accordingly impact on Council’s LGFA headroom.

**The retail and wholesale market** is very closely aligned as domestic wholesale investors tend to use retail market debt issuances as a strategic investment mechanism when considering pricing and liquidity for issuers such as Council. The actual amount of “true” retail investors in this segment is very low. This segment is considered the second cheapest source of funding for Council, however, it is also limited in its capacity and can be unreliable in terms of consistent capacity availability and pricing expectations. Debt maturities are also constrained with appetite for long dated bonds being inconsistent with Council’s needs (typically seven years or less). Debt issuance sizes are limited to NZD100-250 million and the total capacity of this market to efficiently absorb Council debt is estimated between NZD2.5 billion and 3.0 billion. Council takes an opportunistic approach to accessing this market, having issued NZD430 million in the 2016 year. Council has issued a total of NZD2.2 billion in this market segment, suggesting that there is approximately NZD800 million of head room capacity at the upper end of estimates. It should be noted that the wholesale investors...
largely dominating this funding segment also invest in LGFA bonds and their investment limits consider exposures linked to the wider local government sector and Council’s dominant position within LGFA’s asset portfolio. This can therefore, constrain the investment capacity of domestic wholesale investors for Council debt.

Offshore wholesale investors in NZD debt markets tend to restrict themselves to New Zealand Government bonds, Kauri bond issuance and more recently, LGFA bonds. They are often restricted by their investment policies with regards to minimum credit rating criteria such as AAA supranational and sovereign agencies and they usually require a minimum issue size for liquidity. LGFA is considered a semi-sovereign agency with a credit rating commensurate to the New Zealand government. It has also only been in recent years that the LGFA grew the size of tender tranche maturities (in excess of >NZD750 million) that has encouraged offshore investors to have significantly invested in LGFA bonds. Offshore investors currently represent >30% of LGFA bond investors.

Bank debt is considered to be the most expensive available domestic funding mechanism for Council and the debt capacity provided by this segment of the market is most efficiently utilised through the provision of liquidity via committed standby facilities. Council has established a $1.2 billion syndicated facility to support liquidity requirements. Council does not intend to draw down under this facility.

Accordingly, consideration of the three key sources being LGFA, retail/wholesale bond markets and bank debt highlight the New Zealand debt market has limited capacity to prudently accommodate Council’s current and future debt requirements. Council must consider offshore debt markets which remain the funding and liquidity buffer for Council and will be heavily relied on to provide between 35-50% of Council’s current and future debt requirements. Council uses offshore debt markets as opportunistic sources of privately placed long term debt such as the NOK 15-year placement and most importantly, as access to the largest and most liquid public bond markets (such as the EUR bond market).

Offshore debt markets have many moving parts when considering the timing of accessing different markets in different currencies. Many of these considerations are quite complex such as the cost of currency hedging as well as moving credit curves and yield curves. It is often necessary that Council engages with specific offshore debt markets when these markets are “working” and this can sometimes conflict with Council’s own timing preferences.

2) How do New Zealand organisations with similar debt levels and credit ratings conduct their debt funding?

Conduct of debt funding requires consideration of sector (public/private) type along with scale. In this regard and from a public sector perspective the New Zealand Government and LGFA currently fund their debt issues in NZD. For the government, this is well supported by domestic and offshore investors as the “risk free” entry to NZD fixed income investment and participation in New Zealand’s comparatively high interest rate environment. New Zealand sovereign debt is able to be invested in by the full complement of the world’s largest debt investors, meeting their investment policy parameters as a highly rated sovereign issuer (AA+).

The New Zealand Government has issued debt totalling NZD 83.0 billion. As a highly rated and stable sovereign issuer in a country that has comparatively high interest rates, New Zealand sovereign
debt will always represent an attractive risk free investment choice. It is important to note that some investors such as global central banks have very strict policies around the profile of issuer they can invest with and in many cases only invest in government bonds. The sheer scale of global investment capacity for debt instruments and the comparatively small amount of funding required by the New Zealand Government has meant that the New Zealand Debt Management Office (NZDMO) has not needed to consider offshore foreign currency issuance for many years.

The following chart illustrates the relatively small annual issuance conducted by the NZDMO over recent years;

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of issuances</th>
<th>Amount issued (NZDm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>24</td>
<td>5,896</td>
</tr>
<tr>
<td>2016</td>
<td>3</td>
<td>8,408</td>
</tr>
<tr>
<td>2015</td>
<td>1</td>
<td>3,978</td>
</tr>
<tr>
<td>2014</td>
<td>2</td>
<td>12,282</td>
</tr>
<tr>
<td>2013</td>
<td>2</td>
<td>14,483</td>
</tr>
<tr>
<td>2012</td>
<td>1</td>
<td>6,411</td>
</tr>
</tbody>
</table>

source: Bloomberg

LGFA has also specifically obtained funding in the New Zealand domestic market and has been considered a semi-sovereign agency by many large wholesale investors who require high credit ratings and debt liquidity as minimum investment policy criteria. Similarly, the LGFA has also been able to attract a sub group of the above offshore investors by deliberately creating a largely economic and liquid tranche size of issuance maturities that complements their high credit rating and status as a semi-sovereign agency.

Offshore investors currently comprise approximately 30% of LGFA debt. It is becoming evident that the capacity of the New Zealand debt market is too small to efficiently cater to the LGFA’s increasing debt profile. Whilst LGFA has successfully tapped into offshore investors of NZD debt, the cost has been to create large NZD 1 billion issue maturity tranches and this presents refinancing risk as it is evident that the NZD debt market is not large enough to support single maturities of this magnitude on a regular basis.

We understand that LGFA has recognised the requirement of having the ability to access offshore debt markets as a key funding risk mitigant. To this end, LGFA is currently in the process of establishing an AUD bond programme.

Fonterra and Transpower are the next largest comparable New Zealand debt issuing organisations (Banks have been excluded from this comparison).

Fonterra is rated A- and manages debt of NZD6 billion and it is clear that its funding strategy includes a significant emphasis on offshore debt markets with over 50% of term debt sourced from the following offshore debt markets;
## Attachment A

### Item 14

<table>
<thead>
<tr>
<th>Maturity date</th>
<th>Amount</th>
<th>Currency</th>
<th>NZ equivalent (NZD$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perpetual</td>
<td>35</td>
<td>NZD</td>
<td>35</td>
</tr>
<tr>
<td>Nov-27</td>
<td>300</td>
<td>AUD</td>
<td>333</td>
</tr>
<tr>
<td>Jun-26</td>
<td>180</td>
<td>AUD</td>
<td>200</td>
</tr>
<tr>
<td>Jul-25</td>
<td>800</td>
<td>CNY</td>
<td>176</td>
</tr>
<tr>
<td>Jun-25</td>
<td>100</td>
<td>NZD</td>
<td>100</td>
</tr>
<tr>
<td>Nov-24</td>
<td>350</td>
<td>EUR</td>
<td>583</td>
</tr>
<tr>
<td>Feb-24</td>
<td>175</td>
<td>AUD</td>
<td>194</td>
</tr>
<tr>
<td>Dec-23</td>
<td>225</td>
<td>GBP</td>
<td>409</td>
</tr>
<tr>
<td>Mar-23</td>
<td>150</td>
<td>NZD</td>
<td>150</td>
</tr>
<tr>
<td>May-22</td>
<td>150</td>
<td>AUD</td>
<td>167</td>
</tr>
<tr>
<td>Feb-22</td>
<td>100</td>
<td>NZD</td>
<td>100</td>
</tr>
<tr>
<td>Oct-21</td>
<td>350</td>
<td>NZD</td>
<td>350</td>
</tr>
<tr>
<td>Jun-21</td>
<td>400</td>
<td>AUD</td>
<td>444</td>
</tr>
<tr>
<td>Nov-20</td>
<td>100</td>
<td>NZD</td>
<td>100</td>
</tr>
<tr>
<td>Jun-20</td>
<td>1,000</td>
<td>CNY</td>
<td>220</td>
</tr>
<tr>
<td>Feb-20</td>
<td>150</td>
<td>NZD</td>
<td>150</td>
</tr>
<tr>
<td>Jan-19</td>
<td>1,250</td>
<td>CNY</td>
<td>276</td>
</tr>
</tbody>
</table>

Source: S&P Capital IQ

Transpower is rated AA- and manages debt of NZD3 billion. It has a significant emphasis on offshore debt markets with over 50% of term debt sourced from the following offshore debt markets:

<table>
<thead>
<tr>
<th>Maturity date</th>
<th>Amount</th>
<th>Currency</th>
<th>NZ equivalent (NZD$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug-23</td>
<td>300</td>
<td>AUD</td>
<td>333</td>
</tr>
<tr>
<td>Aug-21</td>
<td>150</td>
<td>AUD</td>
<td>170</td>
</tr>
<tr>
<td>Mar-20</td>
<td>400</td>
<td>HKD</td>
<td>75</td>
</tr>
<tr>
<td>Sep-19</td>
<td>75</td>
<td>USD</td>
<td>112</td>
</tr>
<tr>
<td>Oct-21</td>
<td>232</td>
<td>USD</td>
<td>332</td>
</tr>
<tr>
<td>Dec-22</td>
<td>150</td>
<td>USD</td>
<td>215</td>
</tr>
<tr>
<td>Oct-23</td>
<td>78</td>
<td>USD</td>
<td>112</td>
</tr>
<tr>
<td>Oct-26</td>
<td>145</td>
<td>USD</td>
<td>200</td>
</tr>
<tr>
<td>Jun-28</td>
<td>75</td>
<td>USD</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: S&P Capital IQ

It is our general observation that New Zealand organisations with debt in excess of NZD1 billion have a strong emphasis on offshore debt markets in relation to the prudent management of their funding and liquidity risks. It is generally accepted that single name debt capacity in the New Zealand market from the banking sector is NZD 1 billion and that wholesale and retail market capacity is significantly influenced by the issuer’s credit rating. Diversification of debt from accessible debt markets is a key requirement for New Zealand issuers with material debt.
An analysis of other New Zealand debt issuers such as Auckland International Airport, Spark, Powerco and Vector (debt >NZD750 million) illustrates that 25-50% of their debt is funded from key offshore debt markets, with lower rated entities often focusing on the US Private Placement market.

3) **What is your view on the merits or otherwise of the recent follow up EUR benchmark issue?**

The offshore debt markets are critical to Council’s funding strategy. There are three key considerations around offshore debt issuance: size and liquidity of markets, available maturity terms and all up pricing (when fully hedged back to NZD). Smaller issuance opportunities can present themselves to Council where both maturity and pricing can be attractive such as the NOK and CHF issues, however, these transactions are usually small in the context of managing a NZD 7.5 billion debt portfolio. Where large offshore markets such as the EUR bond market have their advantage is in their massive scale and capacity to provide significantly large amounts of debt in single issues.

Council’s decision to focus on the EUR bond market was primarily based on prudentially future proofing Council’s access to funding and liquidity (i.e. safeguarding the 35% to 50% of Council’s debt requirements which are unlikely to be adequately accommodated by the New Zealand debt market, including LGPA). The debut EUR 500 million (NZD 750 million) 10-year issue completed in January 2017 was the first step for Council in carefully establishing itself as a serious issuer into this important debt market. Planning for this issue began as early as 2012 following Council’s preparation of a comprehensive Medium Term Note program and supporting documentation. It is important to add that the EUR bond market is a debt market that satisfies a significant component of global debt investment requirements and many large investors will not waste their internal resources on understanding debt issuers risk/return metrics unless they are going to be meaningful issuers. Accordingly, size and repetitive issue presence is required in order to preserve funding access and pricing optimisation.

Council’s decision to do a repeat issue in November was well judged and proved to be very successful.

This issue was oversubscribed (4.2x from 72 investors), compared to the debut issue’s 47 investors. There was aggressive demand following what was considered an excellent preparation and supporting road show and this was reflected with pricing closing in through the issue’s book build by 28%.

The follow up EUR issue was a significant achievement in Council’s long term funding strategy and was more deserving of bouquets than brickbats.

4) **What are your views on Council’s debt investor relationship strategy, particularly the focus on face to face meetings? Are you able to estimate the benefit these meetings have relative to the cost?**

Global debt markets are no different to equity markets in that if you want to sell your investment proposition then you have to dance to the tune of the investor base you are courting. Investor relationships are about respect and physical face to face time, at least yearly, is the expected market norm.
Council must therefore have a physical presence and present a face to investors. The cost of this is usually incorporated into the overall issue costs and seen as a necessary component of debt funding in the same way that other costs such as legal and advisory costs associated with the issue are considered. It is difficult to estimate the cost of remotely issuing in this market, however, the feedback from the EUR issue suggested that the pre issue roadshow was very well received and contributed to the closing-in of pricing representing an annualised amount of NZD2.8 million in present value terms. This is simply the benefit of a well-run road show. It is more likely that a “no show” issue would have seen higher pricing reflecting a multiple on this figure.

**Conclusion**

- Council's recent debt funding activities have been consistent with Council’s statutory obligations to act in a financially prudent manner for intergenerational ratepayers and the Auckland community as a whole. Council’s funding programme and execution of borrowing strategies have been required to take a long term approach to the stewardship of Council’s liabilities.

- Council’s decision to access the EUR bond market has been consistent with the strategy of future proofing Council’s funding risk on a material debt portfolio currently totalling NZD8.3 billion. This has been achieved through diversifying Council’s funding reliance away from the New Zealand debt market given the limited debt capacity of the domestic market for an issuer such as Council. It is estimated that between 35%-50% of Council’s future debt requirements are unlikely to be satisfied by the New Zealand debt market in a reliable and prudent manner.

- Council cannot rely on the LGFA for all of its funding needs and must be strategic in how it utilises the LGFA’s 40% debt capacity constraint. It would be imprudent for Council to simply utilise the full head room availability as this would limit Council’s future choices around liquidity and funding management. Council would also be at risk in the event that LGFA reduced its balance sheet.

- Global debt markets are no different to equity markets in that if you want to sell your investment proposition then you have to dance to the tune of the investor base you are courting. Debt investors expect Council to be physically present at investor road shows. Council’s presence at the EUR bond investor road show certainly contributed to the closing-in of pricing, representing an annualised benefit of NZD2.8 million in present value terms. The cost of not being present would likely have resulted in pricing significantly higher than this figure.

- It is our general observation that New Zealand organisations with debt in excess of NZD1 billion have a strong emphasis on offshore debt markets in relation to the prudent management of their funding and liquidity risks. Diversification of debt from accessible debt markets is a key requirement for significant New Zealand debt issuers with approximately 25-50% of their debt being funded from offshore debt markets. Most major borrowers preserve capacity in their “home” market as when other markets are closed to them typically the “home” market will continue to provide funding liquidity, as evidenced during the Global Financial Crisis (GFC).
Please feel free to contact me should you wish to clarify any of the matters covered above.

Yours sincerely

[Signature]

Stuart Henderson
Partner
Treasury and Debt Advisory
Disclaimer

This paper has been prepared solely for the purposes stated herein and should not be relied upon for any other purpose.

This paper is strictly confidential and (save to the extent required by applicable law and/or regulation) must not be released to any third party without our express written consent which is at our sole discretion.

To the fullest extent permitted by law, we do not accept a duty of care to any third party in connection with the provision of this paper and/or any related information or explanation (together, the “Information”). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, we do not accept liability of any kind to any third party and disclaim all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of Auckland Council. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this paper are based on information available as at the date of the paper.

We reserve the right, but will be under no obligation, to review or amend our paper, if any additional information, which was in existence on the date of this paper was not brought to our attention, or subsequently comes to light.

We have relied on forecasts and assumptions prepared by the Council about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

This paper is issued pursuant to the terms and conditions set out in our engagement letter signed 14 November 2012 and the Terms of Business attached thereto.
Te take mō te pūrongo / Purpose of the report
1. To agree options for consultation on an Accommodation Provider Targeted Rate (APTR) remission scheme.

Whakarāpopototanga matua / Executive summary
2. The 1 June 2017 meeting of the Finance and Performance committee directed officers to develop a remission scheme for accommodation providers who were unable to pass on the cost of the APTR through higher charges. Remissions only apply where contracts were entered into before the decision to apply the rate on 1 June 2017.

Serviced apartments
3. Many serviced apartments are under contract to a hotel operator where the ratepayer is unable to pass on the cost of the rate and cannot exit the contract.
4. Officers recommend remission where the ratepayer owns no more than two serviced apartments as this represents an average investment of $485,000. Smaller investors are less able to assess, and more exposed to, the risks of contracts they enter into. This remission would cost up to $1.2 million in 2018/2019. Consideration was also given to extending eligibility to investors owning up to four apartments at an additional cost of $110,000 in 2018/2019, but is not recommended.
5. Officers recommend phasing out the remission for serviced apartments in equal steps over ten years. This reduces the impact on other ratepayers, and recognises that owners of serviced apartments should bear some responsibility for the contracts they entered into. A phased remission will expire in 2028, with an estimated cost $4 million (uninflated) over the period.

Emergency accommodation
6. Where a property is contracted to provide emergency accommodation, officers recommend that the APTR should be remitted in proportion to the time and the share of the property that is put to this use.

Forward contracts
7. Officers do not recommend remissions for forward contracts. All businesses book accommodation in advance and should manage the risk of the contracts they enter into. Most of the contracts viewed expire in 2018, all include exit clauses and some already allow the cost to be passed on. If the committee wishes to offer a remission it should only be for business to business contracts for 2018/2019. The estimated cost of a remission for 2018/2019 is $700,000 based on contracts viewed to date. There is a risk the remission will be higher if more hotels apply.
Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) agree to consult on a remission scheme to remit the Accommodation provider targeted rate (APTR) with the following criteria:

i) a remission of the APTR will be available for rating units used as serviced apartments, where the ratepayer owns no more than two rating units that attract the APTR and has a contract with an accommodation operator that:
   A. was entered into before 1 June 2017
   B. does not allow the ratepayer to pass on the cost of the rate
   C. cannot be exited before the start of rating year.

ii) a partial remission under a) above will apply where the contract with the accommodation operator expires during the rating year.

b) the remission scheme for serviced apartments will expire 30 June 2028, with the amount of rate remitted declining in equal steps each year, from 100 per cent in 2018/2019 to 10 per cent in 2027/2028.

c) a remission of the APTR will be available for rating units used as emergency accommodation, in proportion to the amount of time and the part of the property that is put to this use.

Horopaki / Context

8. In 2017 the council adopted the APTR to fund around half the visitor attraction and major events expenditure of Auckland Tourism Events and Economic Development. The rate applies to all commercial accommodation providers, including hotels, motels and serviced apartments. The rate is applied differentially based on the type of accommodation and location of the provider, see Attachment B: Accommodation provider targeted rate.

9. During consultation on the APTR, feedback from the accommodation sector noted that not all recipients of the rate would be able to pass it on through higher accommodation prices. This was because:
   - some providers have entered into forward contracts for some of their future capacity which means they cannot raise prices
   - some owners of serviced apartments have long-term agreements with hotel operators under which they are liable for the payment of rates but cannot influence the price for which rooms are sold.

10. In response to this feedback, council agreed to consider remissions of the APTR under the remission scheme for miscellaneous purposes. The Remission of rates for miscellaneous purposes is suitable for transition purposes. The council also directed staff to report back on a remission scheme designed to address these issues from 2018/2019. Developing an APTR remission scheme allows the council to specifically consider these issues in detail.

11. As at January 2018 $1.8 million has been remitted under the Remission of rates for miscellaneous purposes as follows:
   - 1,432 applications due to the ratepayer not being able to pass the cost of the remission to the hotel operator. Of these 793 have been approved at a cost of $1.63 million. 481 requests have been declined as the ratepayer and hotel accommodation provider were related entities. The remainder are awaiting further information.
   - Three applications for accommodation booked in advance have been received from properties with a combined APTR of $930,000. To date $220,000 has been remitted based on the number of rooms committed and duration of booking. A further five hotels (with a combined APTR of $2 million) have indicated they will apply.
**Tātaritanga me ēngā tohutohu / Analysis and advice**

12. A summary of options is in Attachment A to this report.

**Serviced Apartments**

13. Many serviced apartments and some hotels are owned by investors as landlords who have a contract with a hotel operator. Whether the landlord is required to pay rates, or is able to recoup the cost, depends on the contract and the nature of the relationship between the two parties.

14. Officers have reviewed a range of leases for commercial accommodation. Some lease contracts pay a share of the gross revenue to the landlord. As the effect of the APTR is to lift hotel room prices revenue should increase for these properties. Officers do not recommend remission of the APTR for these arrangements.

15. Officers recommend that remission of APTR be considered where the lease contract:
   - was entered into before 1 June 2017, when the APTR was agreed by council.
   - is not able to be exited before the start of the rating year in which remission is sought
   - where the amount of rent is fixed and the ratepayer bears the cost of the rate.

16. In considering eligibility for a remission officers note that all investors should understand the risks of contracts they enter into. As size of investment increases, the greater the requirement for due diligence to be undertaken.

17. Compared to large investors, small investors tend to have less access to advice, less ability to negotiate the terms of the contracts before signing, and are less able to manage increasing costs. Staff therefore recommend that the remission scheme should focus on smaller investors, who own a limited number of serviced apartments. Ratepayers who own large numbers of apartments or entire hotel buildings should be excluded.

18. The table following shows the number of ratepayers owning serviced apartments within buildings that are known to use leases that meet the proposed criteria for remission, and where leases extend beyond 30 June 2018. (Not all rating units within each building may be subject to the same contract).

<table>
<thead>
<tr>
<th>No of ratepayers</th>
<th>No of apartments owned by ratepayer</th>
<th>Total APTR</th>
<th>Average total value (CV) of apartments owned by ratepayer</th>
</tr>
</thead>
<tbody>
<tr>
<td>387</td>
<td>1</td>
<td>$1,004,050</td>
<td>$265,103</td>
</tr>
<tr>
<td>37</td>
<td>2</td>
<td>$134,932</td>
<td>$485,811</td>
</tr>
<tr>
<td>8</td>
<td>3</td>
<td>$43,855</td>
<td>$747,500</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>$18,013</td>
<td>$853,333</td>
</tr>
<tr>
<td>2</td>
<td>5-6</td>
<td>$20,548</td>
<td>$1,570,000</td>
</tr>
<tr>
<td>2</td>
<td>45-60</td>
<td>$212,784</td>
<td>$13,112,000</td>
</tr>
</tbody>
</table>

19. Based on the above officers consider that the remission should be available for ratepayers who own one or two serviced apartments.

20. It is estimated that a remission scheme available to ratepayers that own no more than two serviced apartments would cost up to $1.2 million in 2018/2019. This is based on:
   - $900,000 for apartments in building known to have leases that would qualify for remission
   - $300,000 for apartments in buildings where the nature of the lease is unknown as no applications have yet been received for these properties.

21. Extending the remission scheme to ratepayers who own up to four apartments would increase the cost by $110,000 for 2018/2019.
Duration of remission for serviced apartments

22. Landlords with the most restrictive leases can be locked into the contracts for up to 30 years. The longest running lease viewed by officers expires in 2047. Officers recommend that the remission be phased out over ten years to:
- reduce the impact on other ratepayers
- reflect that small investors entered into their leases freely, and should bear some of the cost of their investment decisions.

23. The amount of remission available would decline equally each year, so that 100 per cent remission would be granted in 2018/2019, declining to 10 per cent in 2027/2028. A remission scheme on this basis would cost $4 million (uninflated) over the ten years.

24. If the remission scheme is not phased out then applications for remission could continue to be made until 2047, with an additional cost of $10 million (uninflated) over the lifetime of the scheme.

Emergency Housing

25. Some motels have leased units to Work and Income New Zealand (WINZ) which are then used as accommodation for WINZ clients requiring emergency housing. Properties used as emergency housing by central government on a long-term basis are rated as residential and do not attract the APTR.

26. The number of units and duration of the lease to WINZ can vary, with the units reverting to commercial accommodation when not use by WINZ. Officers recommend that a partial remission of the APTR be offered in these circumstances to align our rating treatment with permanent emergency accommodation. Any remission should be a proportion of the rate based on the number units/nights utilised by WINZ compared to the total number/nights available of motel rooms.

27. Two applications have been received for the current year for a remission on this basis. Estimated potential remissions are less than $50,000.

Forward Bookings

28. Officers have reviewed forward booking contracts from three hotels that have applied for remission. Contracts viewed included seven for long-term accommodation bookings for businesses such as airlines. A large number of individual contracts were also received for bookings by tour companies. These were either recurring bookings for tour groups, or advanced booking for large events.

29. All contracts sighted expired within three years, and had termination clauses of three months or less. Contracts often allow cancellations or variations. Two contracts enabled pass through of the rate. Companies entering into such contracts have the ability to negotiate the terms and should bear the risks.

30. Officers do not recommend offering remissions for forward bookings. All accommodation providers take bookings in advance. The council has provided remissions for the 2017/2018 year to facilitate a transition to the new rate. Reviewing applications requires significant council resource. In some instances officers have been required to view contracts offsite.

31. If the council wishes to support accommodation providers with forward bookings, then remissions should only be offered for long-term business to business contracts (not individual bookings). A remission expiring 30 Jun 2019 would capture 90 per cent of current contracts (based on our analysis of contracts viewed.)
Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

32. The governing body has decision making authority for the Rates remission and postponement policy. Local Boards will have the opportunity to provide feedback on the proposed policy including the APTR remission scheme in May.

Tauākī whakaaweawe Māori / Māori impact statement

33. The council does not hold information on the ethnicity of ratepayers so is not able to identify the exact impact of policy changes on Māori. The impact of the policy options on Māori will be similar to that on other residents in Auckland.

Ngā ritenga ā-pūtea / Financial implications

34. The cost of the APTR remission as set out in this report will be funded from general rates. Costs will decline over ten to 30 years.

Ngā raru tūpono / Risks

35. Officers cannot determine the maximum possible remission for serviced apartments. There is uncertainty regarding remissions for forward bookings in the first year. Large hotels (the most likely to apply) account for 60 per cent of total APTR applied. The financial risks of the proposed policy are not material.

Ngā koringa ā-muri / Next steps

36. The remission scheme for the APTR will be included in the draft Rates remission and postponement policy for public consultation which is to be agreed at this meeting.

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Options table</td>
<td>141</td>
</tr>
<tr>
<td>B</td>
<td>Accommodation provider targeted rate</td>
<td>143</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

| Authors | Beth Sullivan - Principal Advisor Policy  
          | Andrew Duncan - Manager Financial Policy |
|---------|------------------------------------------|
| Authorisers | Ross Tucker - Acting General Manager, Financial Strategy and Planning  
                | Matthew Walker - Acting Group Chief Financial Officer |
# Attachment A: Options table for remission of APTR

<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>No remissions offered</td>
<td>Council is unable to recognise where motels are used to provide emergency accommodation. No support provided to small investors in serviced apartments who may not be able to manage the increased costs.</td>
<td>Cost saving of $1.8 million compared to 2017/2018 remissions of the APTR under the miscellaneous remission scheme.</td>
<td>Motel operators will have additional costs. Some small investors in serviced apartments may suffer financial hardship with contracts they are unable to exit.</td>
<td>Reduces administration</td>
</tr>
</tbody>
</table>

**Proposed:**
- **Remissions for Emergency accommodation**
  - Recognises that using motels as emergency housing is a residential use that should not attract the APTR.
  - Cost of emergency housing remission: less than $50,000.
  - Reduces costs for motel operators

- **Remissions for Small investors in serviced apartments, phased out over 10 years**
  - Provides assistance to small investors who own one or two serviced apartments who may suffer financial hardship with contracts they are unable to exit.
  - Estimated cost serviced apartments in 2018/2019: $1.2 million. This is less than the $1.8 million in APTR remitted in 2017/2018 (as at February 2018) due to:
    - exclusion of forward bookings
    - contracts for serviced apartments expiring or able to be exited
    - exclusion of owners of more than two apartments
  - Reduces change for small investors over ten years

- **Remissions for Small investors in serviced apartments until contracts expire**
  - Small investors may be locked into contracts for their serviced apartments for longer than 10 years (some up until 2047). Providing a remission for the duration of the contract means that all ratepayers will pay more to support individuals’ private investments.
  - Small investors, like large investors, have freely entered into contracts and should bear the cost of their investment choices.
  - Cost of remission increases $10 million (uninflated) over the life of the remission scheme compared to phased scheme.
  - Eliminates change for small investors

Lower administration compared to other options as fewer remissions offered.
<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Remissions for</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large investors</td>
<td>Some very large hotels can have the operator as a separate entity from the ratepayer. Depending on the nature of the contract, these ratepayers may also be unable to pass on the cost to the hotel operator, and remission could be considered on this basis.</td>
<td>Additional $65,000 in 2018/2019 if extended to owners of up to 4 serviced apartments. Unknown how many larger hotels have separate ratepayer/operator – significant risk to APTR funding if included.</td>
<td>Eliminates change for all investors who are unable to pass on the cost of the APTR to the accommodation operator.</td>
<td>Increased administration in reviewing leases and determining relationship between operator and ratepayer</td>
</tr>
<tr>
<td><strong>Remissions for</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Bookings</td>
<td>Some hotels have entered into contracts that block book rooms for businesses such as airlines, with prices fixed for between one and three years.</td>
<td>Estimated $700,000 for 2018/2019, though this figure could rise significantly if more hotels apply.</td>
<td>Most contracts are for 1 to 3 years, so cost of remission would decline quickly over time</td>
<td>Council has provided remissions under its miscellaneous scheme for 2017/2018. This covers a significant proportion of existing contracts.</td>
</tr>
</tbody>
</table>
## Attachment B: Accommodation provider targeted rate

In 2017/2018 the Accommodation Provider targeted rate was charged based on the type of accommodation and location of the property as shown in the table below.

<table>
<thead>
<tr>
<th>Location by local board area</th>
<th>Provider type</th>
<th>Tier 1 Hotels, serviced apartments</th>
<th>Tier 2 e.g. motels and lodges not in Tier 1</th>
<th>Tier 3: Other e.g. backpackers, and campgrounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone A</td>
<td>Tier 1</td>
<td>0.00537784</td>
<td>0.00322671</td>
<td>n/a</td>
</tr>
<tr>
<td>Albert-Eden, Devonport-</td>
<td>Tier 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takapuna, Mangere-Ötāhuhu,</td>
<td>Tier 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maungakiekie-Tamaki, Ōrākei,</td>
<td>Tier 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waitemata</td>
<td>Tier 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zone B</td>
<td>Tier 6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Henderson-Massey, Hibiscus</td>
<td>Tier 7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and Bays, Howick, Kaipātiki,</td>
<td>Tier 8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manurewa, Ōtara-Papatoetoe,</td>
<td>Tier 9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Puketāpapa, Upper Harbour,</td>
<td>Tier 10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waiheke, Whau</td>
<td>Tier 11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zone C</td>
<td>Tier 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franklin, Great Barrier,</td>
<td>Tier 13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Papakura, Rodney and Waitakere Ranges</td>
<td>Tier 14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The targeted rates are based on the portion of capital value of the rating unit used for commercial accommodation (including GST) ($).
Te take mō te pūrongo / Purpose of the report

1. To agree proposed changes to the rates remission and postponement policy for consultation.

Whakarāpopototanga matua / Executive summary

2. The council is required to review its rates remission and postponement policy every six years. The current policy includes seven regional schemes and eleven legacy schemes carried over from the former councils that are only available within the former districts.

3. The regional schemes have been reviewed and the following amendments are proposed:
   - remission for residents of licence to occupy retirement villages and Papakāinga housing:
     - remove references to retirement villages to reflect change in legislation that enables such properties to access central government’s rates rebate scheme
     - remove references to interim transport levy should council remove this rate.
   - remission of rates penalties: reduce criteria to simplify administration
   - remission for rates transition management policy changed properties: to be removed as it is redundant following the expiry of legislation allowing rates transition.

4. The legacy schemes have been reviewed and it is proposed that they be replaced with regional or local grants as appropriate (excluding the postponement for Manukau sports clubs). A three-year transition is proposed for current recipients during which they will receive their current funding via a grant. At the end of transition they would need to apply for renewal. The use of grants and a three-year transition ensures that:
   - spending decisions are transparent and subject to the same scrutiny of value for money as other expenditure
   - affordability is managed for existing recipients.

5. It is proposed that the postponement for Manukau sports clubs is removed after a three year transition period.

6. Officers will report back within the transition period on the integration of the legacy grants with the council’s strategies for funding local community and sports facilities.

Policy for Consultation

7. The statement of proposal and draft Rates remission and postponement policy for consultation are in Attachments D and E to this report, respectively. The consultation materials include the proposed Remission for the accommodation provider targeted rate which is reported on separately on the agenda for this meeting.
Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) agree to consult on the proposed amendments to the Rates remission and postponement policy attached to this report

b) note that the proposed amendments to the rates remission and postponement policy include:
   i) amendments to regional schemes
   ii) removal of legacy remission schemes and the Great Barrier Island postponement for commercial properties from the policy, to instead be provided for through regional and local asset-based services grants schemes (with a three year transition period)
   iii) removal of postponement for two golf clubs in the former Manukau District after three years

c) direct officers to report back on options for integrating local legacy grants into a broader approach to delivering community and sporting facilities within three years.

d) delegate responsibility for finalising consultation material to the Chair of the Finance and Performance Committee and the Chief Financial Officer.

Horopaki / Context

8. The Rates remission and postponement policy was adopted in June 2012. The Local Government Act 2002 requires the council to review this policy every six years.

9. The policy has seven regional schemes that are available to all ratepayers:
   - Remission of rates to top-up the rates rebate
   - Remission for residents of licence to occupy retirement villages and Papakāinga housing
   - Remission of uniform annual general charges and targeted rates levied as uniform annual charges on certain rating units
   - Postponement of rates for residential properties.
   - Remission of rates penalties
   - Remission of rates for miscellaneous purposes
   - Remission for rates transition management policy change properties

10. There are eleven legacy remissions and postponement schemes:

<table>
<thead>
<tr>
<th>Outcome supported</th>
<th>Type of support</th>
<th>Area offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and sporting organisations</td>
<td>Remission</td>
<td>Auckland Regional Council (5% of rates)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Franklin, North Shore, Rodney</td>
</tr>
<tr>
<td></td>
<td>Postponement</td>
<td>Manukau</td>
</tr>
<tr>
<td>Natural, cultural or heritage</td>
<td>Remission</td>
<td>Auckland City, Franklin, Papakura, Auckland</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regional Council (5% of rates), Rodney</td>
</tr>
<tr>
<td>Commercial</td>
<td>Postponement</td>
<td>Great Barrier Island</td>
</tr>
</tbody>
</table>

11. A description of each scheme, along with the number of recipients and the total cost of the scheme can be found in Attachment B.
Regional schemes

12. Officers have reviewed these schemes and consider they are meeting the objectives of the policy. The following changes are recommended to accommodate legislative change and facilitate administration.

Remission for residents of licence to occupy retirement villages and Papakāinga housing

13. This scheme provides a remission of the UAGC and the Interim Transport Levy (ITL) for residents of retirement villages and Papakāinga who have a licence to occupy ($518 in 2017/2018). In 2016/17 $740,000 was remitted for 1,450 residents. The scheme provides assistance to these ratepayers because the government’s rates rebate scheme was not open to those who are liable for rates under licence to occupy agreements.

14. The government has recently passed legislation\(^1\) that makes residents of licence to occupy retirement villages eligible for the rebate\(^2\). The legislation does not cover Papakāinga housing. In addition the council is proposing to remove the ITL.

15. Officers recommend that the scheme be amended to:
   - remove eligibility for residents of licence to occupy retirement villages
   - remove the reference to the ITL if it is removed as a rate.

16. The remission for Papakāinga housing will be retained. The effect of these changes will be to save $740,000 in remissions.

Remission of rates penalties

17. This scheme allows the council to remit rates penalties where it would be fair to do so. In 2016/2017 $1.6 million was remitted for 16,300 ratepayers (an average of $95 per applicant).

18. Some criteria in this scheme are unnecessary. Circumstances such as the ratepayer has experienced “significant family disruption” such as illness, death, fire or theft can be addressed through the criterion allowing remission if the ratepayer enters into and keeps an agreement to pay their arrears. Officers recommend reducing the number of criteria in this scheme to facilitate administration and reduce the distress on those where penalties have accumulated due to unfortunate personal circumstances. The changes will not change eligibility for remission. The changes are cost neutral.

Remission for rates transition management policy change properties

19. This scheme supported the application of the Rates transition management policy\(^3\) that expired on 30 June 2015. The scheme is redundant and will be removed.

Legacy Remission Schemes

Proposal: Legacy remission schemes and Great Barrier Island commercial postponements

20. It is proposed to remove the legacy schemes (including the Postponement of rates for commercial properties on Great Barrier Island) and replace them with grants with a three year transition period. This would provide certainty for recipients with no change in the level of support for three years.

---

\(^1\) Rates Rebate (Retirement Village Residents) Amendment Act 2018.

\(^2\) The government scheme provides up to $620 depending on the level of rates and income whereas the council scheme provides a flat $518 to those who would have been eligible for any level of government rebate. As a result some current recipients of the remission will be better off and others slightly worse off.

\(^3\) The Local Government (Auckland Transitional Provisions) Act 2010 enabled the council to adopt a Rates Transition Management Policy for three years ending 30 June 2015.
21. During the three-year transition period it is proposed that current recipients will receive the same level of support adjusted for any changes in their rates. The types of outcomes the remissions support are delivered in different forms across the city reflecting the approaches taken by the legacy councils. In some areas the council owns facilities and in others supports community owners. The transition period allows decisions on the future of the grants to be integrated into wider decision making on the council’s delivery of these outcomes.

22. The following table sets out how the relevant remissions can be assigned to grants. Support for organisations that operate regionally is proposed to be allocated to regional budgets to facilitate consistent treatment.

<table>
<thead>
<tr>
<th>Remission/Postponement For</th>
<th>Aligns with</th>
<th>Proposed allocation of grant to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural heritage</td>
<td>Regional</td>
<td>Regional Environment and Natural Heritage Grants Programme</td>
</tr>
<tr>
<td>Historic Heritage</td>
<td>Regional</td>
<td>Regional Historic Heritage Grants Programme</td>
</tr>
<tr>
<td>Regional or sub-regional sports facilities</td>
<td>Regional</td>
<td>Regional Sports and Recreation Grants Programme</td>
</tr>
<tr>
<td>Local sports clubs and facilities</td>
<td>Local</td>
<td>Local Board where property receiving remission is located</td>
</tr>
<tr>
<td>Regional or sub-regional community facilities</td>
<td>Regional</td>
<td>Regional Community Development Grants programmes</td>
</tr>
<tr>
<td>Local community organisations and facilities</td>
<td>Local</td>
<td>Local Board where property receiving remission is located</td>
</tr>
<tr>
<td>Great Barrier businesses</td>
<td>Local</td>
<td>Great Barrier Local Board</td>
</tr>
</tbody>
</table>

23. This options ensures the expenditure of ratepayers money to support these activities is:

- subject to the same scrutiny of value for money as other expenditure
- integrated with decision making on other similar expenditure decisions
- transparent
- affordable for existing recipients.

24. Recipients of the scheme who are GST registered will not be impacted by having to pay GST that is currently remitted. Those who are not will have to pay the GST and face a 13 per cent reduction in council support.

25. There is no net cost to ratepayers of converting rates remissions to grants. This option will increase the council’s grants and other budget lines by $900,000. This increase is offset by the increase in rates revenue of $900,000 resulting from remissions no longer being applied. The amount of grants will be adjusted for the increase in rates in the subsequent two years.

**Alternative options**

26. Consideration was given to three alternatives. Retaining the current schemes is not recommended as it is inequitable for other parts of the region. Immediate removal of the schemes would provide no opportunity for the current recipients to adjust to the change in council support. Extension of the schemes to the entire region is not recommended as the potential cost ($4.5 to $6.0 million per year) is too high relative to the likely benefits in terms of outcomes.

A full analysis of the options is set out in Attachment A

*Proposal: Postponement for sports clubs in the district of the former Manukau City Council*
27. It is proposed that the scheme be amended to:
   - restrict the scheme to the current recipients
   - remove the clause permitting the council to write off the debt
   - set an expiry date for the scheme of 30 June 2021.

28. The current beneficiaries of the scheme are two golf clubs. The total current liability including interest is $880,000. One club has repaid a portion of its liability following the sale of part of the property for development, and has chosen to pay rather than postpone the current year’s rates. One further property is eligible under the scheme, but has never applied for postponement.

29. This postponement scheme should be ended after a transition period. Offering postponements to an extremely limited number of clubs is inequitable to other clubs in similar circumstances. Future funding for these clubs should be in accordance with the principles of the Sports Facility Investment Plan, which does not recommend the use of rates postponements.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

30. Local boards considered a proposal to transfer legacy remissions to grants at their December meetings. Feedback from the boards is in attachment F to this report.

31. Eight local boards supported replacing the legacy schemes with grants and nine were opposed. Six of the boards that were opposed have a legacy local council scheme for community and sporting activities and receive $350,000 (85 per cent) of the local community and sporting rates remissions.

32. The boards supporting retention of remissions were concerned that the proposal:
   - did not address the existing inequities between board areas in how community and sports facilities are supported by council
   - lacked certainty regarding ongoing funding
   - did not integrate with the draft Sports Facility Investment Plan.

33. In response to this feedback the proposal has been modified so that:
   i) remissions classed as local are transferred to a new local asset based grants budget
   ii) officers are directed to report on the integration of the legacy grants with the council’s investment strategies for sports and community facilities within the three year transition.

Tauākī whakaaweawe Māori / Māori impact statement

34. None of the properties presently receiving remissions or postponements under the legacy schemes recommended to transfer to grants are known to be Māori owned or operated. The remission scheme for Papakāinga house will remain unchanged.

Ngā ritenga ā-pūtea / Financial implications

35. Removing remissions from licence to occupy retirement villages will result in a reduction of rates requirement of $740,000. The other changes are cost neutral.

Ngā raru tūpono / Risks

36. There are no significant risks with this proposal.
Ngā koringa ā-muri / Next steps
37. Consultation including direct correspondence with all current recipients.

Ngā tāpirihanga / Attachments

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<th>Title</th>
<th>Page</th>
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</thead>
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<td>Options table for Legacy remissions</td>
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<td>B</td>
<td>Summary of current remission and postponement schemes</td>
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<td>C</td>
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<td></td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Beth Sullivan - Principal Advisor Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Andrew Duncan - Manager Financial Policy</td>
</tr>
<tr>
<td>Authorisers</td>
<td>Ross Tucker - Acting General Manager, Financial Strategy and Planning</td>
</tr>
<tr>
<td></td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
Attachment A: Assessment of options for legacy remissions

1. Four options were considered for the legacy schemes:
   1. integrate with grants schemes with three year transition for current recipients
   2. retain the status quo
   3. extend to entire region
   4. remove.

2. The following criteria were used to assess options for the legacy remissions and postponements policies.
   - equity – same treatment for all ratepayers in all areas across Auckland
   - transparency
   - cost
   - minimise the effects of change
   - administrative simplicity.

<table>
<thead>
<tr>
<th>Option</th>
<th>Equity and Transparency</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove immediately</td>
<td>All decisions on council support to deliver these types of outcomes subject to the same scrutiny</td>
<td>Saving of $900,000</td>
<td>Immediate impact on current recipients. Whilst remissions mainly small some current recipients may not be able to accommodate change in a short time period.</td>
<td>No impact as administration costs minimal</td>
</tr>
<tr>
<td>Proposed: Replace with grants with a three year transition</td>
<td>All decisions on council support to deliver these types of outcomes subject to the same scrutiny. Transition provides time to integrate this support into wider decision making on delivery of the relevant outcomes across the region</td>
<td>Cost neutral</td>
<td>No immediate impact. Three years in which to develop relationships with the council, if none presently exist, and to adapt to new funding environment</td>
<td>Volumes of applications for grants would increase but could be managed within current systems</td>
</tr>
</tbody>
</table>
### Attachment A

**Item 16**

<table>
<thead>
<tr>
<th>Option</th>
<th>Equity and Transparency</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain the status quo</td>
<td>Inequitable as only available in some parts of the region. Remissions and postponements are not a transparent mechanism for supporting wider council goals because they are not prioritised against other expenditure proposals or subject to the same value for money scrutiny because they: • are recorded as a charge against revenue and do not appear as a cost in the council's accounts • do not increase the rates requirement and hence do not impact the headline rates increase¹ (They still increase the rates burden on other ratepayers)</td>
<td>Cost neutral</td>
<td>No impact</td>
<td>No impact</td>
</tr>
<tr>
<td>Extend current remissions to the entire region</td>
<td>More equitable because remissions are available to all ratepayers. Remissions and postponements are not a transparent mechanism for supporting wider council goals because they are not prioritised against other expenditure proposals or subject to the same value for money scrutiny (same as Retain the status quo.)</td>
<td>Additional costs for extending the current remission schemes estimated at $4.5 - $6 million as follows. $40,000 for 100 properties with a QEI covenant. Significantly more if extended to 4500 properties with other types of covenants. $3 million for Category A heritage properties in the Unitary Plan. $1.5 million for 50 per cent remission to $3 million for 100 per cent remission for community and sporting organisations</td>
<td>No impact on existing recipients. Average residential ratepayer will pay $10 more per year in rates.</td>
<td>One off additional costs to communicate to potential recipients and assess applications. Once eligibility is established ongoing costs are minimal</td>
</tr>
</tbody>
</table>

¹ The headline rates increase in an annual or long-term plan, is a comparison of the annual rates requirement to the previous years budgeted rates requirement. Moving a charge against revenue to an expenditure item like grants will increase the council’s costs and inflate the apparent rates increase. However, remissions and postponements are a cost already borne by those ratepayers not receiving them. Therefore an adjustment will be made to the 2017/2018 budgeted rates requirement for the purpose of calculating the rates increase proposed for 2018/2019.
Attachment B – Summary of Auckland Council Rates remission and postponement policy schemes

Notes to tables

The following tables show the value of remissions and postponements for the 2016/2017 year unless otherwise stated. The total amount of remissions or postponements granted any rating year is not capped. Any application for remission or postponement that meets the relevant criteria will be granted. Applications can be received throughout the year, so the total value of remissions and postponements for 2017/2018 will not be available until after 30 June 2018. Any significant variances in year to date values are noted below the table.
### Regional Schemes: Remissions

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Provides</th>
<th>2016/2017 year:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Remission of rates to top-up the rates rebate</td>
<td>Remits the difference in value between the central government’s rates rebate and the amount of rebate that would be given if government’s rates rebate scheme included Watercare’s water charges.</td>
<td>Up to $620</td>
<td>10,889</td>
<td>$898,961</td>
<td>$82.56</td>
</tr>
<tr>
<td>Remission for residents of licence to occupy retirement villages and Papakāinga housing</td>
<td>Remits the uniform annual general charge and Transport levy targeted rate for residents of retirement villages and Papakāinga housing residents who would otherwise qualify for central government’s rate rebate scheme, except they occupy their property under a licence to occupy agreement.</td>
<td>$507.85 (UAGC + ITL)</td>
<td>1,450</td>
<td>$736,383</td>
<td>$507.85</td>
</tr>
<tr>
<td>Remission of rates penalties</td>
<td>Enables the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.</td>
<td>up to 100% of penalties applied</td>
<td>16,319</td>
<td>$1,548,603</td>
<td>$94.90</td>
</tr>
<tr>
<td>Remission of rates for miscellaneous purposes¹</td>
<td>Enables the council to remit rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.</td>
<td>Up to 100% of rates</td>
<td>36</td>
<td>$25,453</td>
<td>$707.03</td>
</tr>
<tr>
<td>Remission of uniform annual general charges and targeted rates levied as uniform annual charges on rating units</td>
<td>Promotes fairness in the application of uniform annual general charges by allowing the council to remit the charges in circumstances where it is equitable to do so.</td>
<td>UAGC + ITL</td>
<td>628</td>
<td>$364,250</td>
<td>$580.02</td>
</tr>
<tr>
<td>Remission for rates transition management policy changed properties</td>
<td>Redundant scheme: supported equity in the application of the Rates Transition Management Policy which expired 30 June 2015.</td>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

¹Miscellaneous purposes scheme: $1.85 million has been granted in the current year (to January 2018). This follows the June 2017 council decision to consider applications for remission of the Accommodation provider targeted rate (APTR) under this scheme. A new remission scheme for the APTR is proposed for 2018/2019.
Regional Schemes: Postponements

The following postponement scheme is designed to be cost neutral. Interest charges are added to the postponed amount. The postponed rates are repaid in full when the property sells, is transferred, or the ratepayer elects to end the postponement.

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Provides</th>
<th>No of recipients</th>
<th>Rates Postponed 2016/2017</th>
<th>Total Rates Postponed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postponement of rates for residential properties</td>
<td>Assists residential ratepayers who want to defer the payment of rates by using the equity in their property. This scheme also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.</td>
<td>251</td>
<td>$1,058,755</td>
<td>$1,902,007</td>
</tr>
</tbody>
</table>
Legacy schemes: Remission schemes

Data shown excludes remissions applied to Council properties, as the cost to ratepayers remains the same whether the remission is applied or not.

Legacy remission schemes for community, sporting and other organisations providing community services:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Location Available</th>
<th>Criteria</th>
<th>Value of Remission</th>
<th>Number</th>
<th>Rates Remitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remission of rates for community, sporting and other organisations providing community services in the district of the former Auckland Regional Council</td>
<td>Region wide</td>
<td>Not for profit sport, recreation clubs or associations, or organisations providing community services providing significant public good</td>
<td>5-10%</td>
<td>196</td>
<td>$121,721</td>
</tr>
<tr>
<td>Remission of rates for community, sporting and other organisations providing community services in the district of the former Franklin District Council</td>
<td>Former Franklin District</td>
<td>Land owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes</td>
<td>50 to 100%</td>
<td>53</td>
<td>$117,877</td>
</tr>
<tr>
<td>Remission of rates for community, sporting and other organisations providing community services in the district of the former North Shore City Council</td>
<td>Former North Shore District</td>
<td>Land owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes</td>
<td>up to 100%</td>
<td>48</td>
<td>$231,686</td>
</tr>
<tr>
<td>Remission of rates where organisations by their existence in the district directly benefit the residents of the district of the former Rodney District Council</td>
<td>Former Rodney District</td>
<td>Sport, recreation and welfare organisations in the district of the former Rodney District Council which directly benefit the residents of the district.</td>
<td>50-100%</td>
<td>55</td>
<td>$158,826</td>
</tr>
</tbody>
</table>
### Legacy rates remission schemes for land protected for natural or historic heritage (covenanted land)

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Location Available</th>
<th>Criteria</th>
<th>Value of Remission</th>
<th>No</th>
<th>Rates Remitted</th>
</tr>
</thead>
</table>
| Remission of rates for private covenanted land in the district of the former Auckland City Council | Former Auckland City               | • Queen Elizabeth II National Trust Act 1977 covenant
• conservation covenant under section 77 of the Reserves Act 1977         | 100% of the rates for the part of the land protected                    | 20  | $23,399        |
| Remission of rates for rating units in the district of the former Auckland Regional Council protected for natural or historic or cultural conservation purposes | Region wide                       | Land voluntarily protected by a covenant or equivalent protection mechanism | 10% of the rates for the part of the land protected                               | 32  | $1,641         |
| Remission of rates for natural areas protected in the district of the former Franklin District Council | Former Franklin District          | Natural areas that have, voluntarily, been appropriately physically and legally protected or classified. | 100% of the rates for the part of the land protected                               | 5   | $1,273         |
| Remission of rates on land in the district of the former Papakura District Council protected for natural conservation purposes | Former Papakura District          | Queen Elizabeth II National Trust Act 1977 covenant or similar covenant for natural conservation purposes | 100% of the rates for the part of the land protected                               | 8   | $5,571         |
| Remission for land in the district of the former Rodney District Council voluntarily protected for natural or historic or cultural conservation purposes | Former Rodney District            | Land voluntarily protected by a covenant or equivalent protection mechanism | 100% of the rates for the part of the land protected                               | 34  | $27,044        |
### Legacy schemes: Postponements

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Location Available</th>
<th>Provides</th>
<th>No of recipients</th>
<th>Rates Postponed 2016/2017</th>
<th>Total Rates Postponed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postponement of rates for sports clubs in the district of the former Manukau City Council</td>
<td>Former Manukau City District</td>
<td>Provide relief to sports clubs where the rateable value of land that is owned and used by a recognised sports club for sports is significantly attributable to potential residential development or subdivision.</td>
<td>2</td>
<td>$94,618</td>
<td>$821,739</td>
</tr>
<tr>
<td>Postponement of rates for commercial properties on Great Barrier Island</td>
<td>Great Barrier Island</td>
<td>Provides relief where the rateable value of a rating unit that is used for commercial purposes on Great Barrier Island is significantly attributable to the potential use that the land may be put to for residential or other non-commercial use.</td>
<td>5</td>
<td>$2,785</td>
<td>$10,400</td>
</tr>
</tbody>
</table>
Attachment C: Current Rates remission and postponement policy

Policy purpose and overview

The objective of this policy is to:
- provide ratepayers with some financial or other assistance where they might otherwise have difficulty meeting their obligations
- address circumstances where the rating system results in anomalies in the incidence of rates
- support the achievement of broader council policy objectives.

The council’s remission and postponement policy is set out in three parts each containing a number of schemes.

Part 1 - Financial assistance and support
- remission of rates to top-up the rates rebate
- remission of rates penalties
- remission for residents of licence to occupy retirement villages and Papakāinga housing
- postponement of rates for residential properties

Part 2 - Addressing anomalies
- remission of rates for miscellaneous purposes
- remission of uniform annual general charges and targeted rates levied as uniform annual charges on certain rating units.

Part 3 - Other schemes
- remission of rates for community, sporting and other organisations providing community services in the district of the former Auckland Regional Council
- remission of rates for community, sporting and other organisations providing community services in the district of the former Franklin District Council
- postponement of rates for sports clubs in the district of the former Manukau City Council
- remission of rates for community, sporting and other organisations providing community services in the district of the former North Shore City Council
- remission of rates where organisations by their existence in the district directly benefit the residents of the district of the former Rodney District Council
- remission of rates for private covenanted land in the district of the former Auckland City Council
- remission of rates for rating units in the district of the former Auckland Regional Council protected for natural or historic or cultural conservation purposes
- remission of rates for natural areas protected in the district of the former Franklin District Council
Rates remission and postponement policy review

- remission of rates on land in the district of the former Papakura District Council protected for natural conservation purposes
- remission for land in the district of the former Rodney District Council voluntarily protected for natural or historic or cultural conservation purposes
- postponement of rates for commercial properties on Great Barrier Island
- remission for rates transition management policy changed properties.

Policy background

Section 102(5) of the Local Government Act 2002 provides that a council may have a rates remission and postponement policy.

Full details and criteria for the remission and postponement schemes

This section has the full details of each remission and postponement scheme, as well as outlining the objectives and criteria for each scheme.

Applications

The ratepayer or ratepayer’s agent must apply to the council on the prescribed remission or postponement form. The application should show how the remission or postponement will support the objectives of the scheme and how the property fits within the objectives. For the rates to be remitted or postponed, the council may require evidence each year, by way of statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme. The council can apply for the remission or postponement on behalf of the ratepayer, provided the council is certain that the property meets all the criteria of the scheme. The council reserves the right to seek further information if it deems it necessary.

The remission or postponement will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years, unless otherwise stated in the scheme.

Part 1 - Financial assistance and support schemes

Remission of rates to top-up the rates rebate

Objectives

The objective of this remission scheme is to enable the council to address the inequity that results from Auckland ratepayers being unable to include water and wastewater charges when applying for the central government’s rate rebate scheme. This scheme allows the council to remit the difference between its rates rebate top-up calculation and the government’s rates rebate scheme to include Watercare Services Limited’s and Veolia Water Limited’s (previously United Water Limited) water and wastewater charges in the calculation.

Conditions and criteria
Rates remission and postponement policy

To be eligible for the top-up remission, the ratepayer must meet the following criteria:

1. be a residential ratepayer and reside on the property
2. have resided on the property at the beginning of the rating year (1 July)
3. be an individual, rather than an organisation or trust. The amount remitted will vary according to the:
   a. ratepayer’s gross income, including any overseas income
   b. amount of Auckland Council rates payable by the ratepayer
   c. amount of water and wastewater charges payable by the ratepayer
   d. number of children or other dependants that the ratepayer supports
   e. maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council’s extended rates rebate scheme is automatically updated for the new thresholds.

Remission for residents of licence to occupy retirement villages and Papakāinga housing

Objectives

This remission scheme allows council to remit the uniform annual general charge and Transport levy targeted rate for residents of retirement villages and Papakāinga housing residents who would otherwise qualify for central government’s rate rebate scheme, except they occupy their property under a licence to occupy agreement.

The remission will be applied to the rates of the retirement village in which the applicant resides, where an agreement exists between the village operator and Auckland Council (see more below). The benefit of the rates remission will be passed to the resident.

Conditions and criteria

To be eligible for the licence to occupy remission, the applicant must meet the following criteria:

1. be a resident of a retirement village and/or Papakāinga housing under a licence to occupy agreement
2. reside in a unit or apartment that is identified by Auckland Council as a separately used or inhabited part of the retirement village and/or Papakāinga housing to which a separate uniform annual general charge and transport levy is applied
3. reside in a retirement village and/or Papakāinga housing that has entered into an agreement with Auckland Council to:
   f. identify the rates for applicants to the scheme
   g. pass the full benefit of any rates remission granted under this scheme to the successful applicant
4. have resided on the property at the beginning of the rating year (1 July)
5. be an individual, rather than an organisation or trust
6. only one application per unit or apartment will be accepted.

Granting of a remission will depend on:
1. the applicant’s gross household income, including any overseas income
2. the share of Auckland Council rates payable by the applicant to the retirement village and/or Papakāinga housing in which the applicant resides.

3. the maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council’s remission for residents of a “license to occupy” within a retirement village and/or Papakāinga housing is automatically updated for the new thresholds.

How to apply

All retirement villages and/or Papakāinga housing which have signed on for the scheme will provide application forms to their residents.

Remission of rates penalties

Objectives

The objective of this scheme is to enable the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.

Conditions and criteria

Penalties on rates may be remitted when one or more of the following criteria are met.

1. The ratepayer is experiencing significant family disruption, such as illness or accident of the ratepayer or a family member, birth, death, marriage, separation or divorce.
2. There are extenuating circumstances, such as the loss of records by fire or theft.
3. The ratepayer has paid after the penalty date, but has not received a rates penalty remission under this policy within the past two years.
4. The ratepayer has purchased the rating unit, but has not received a rates instalment notice of instalment of rates, for example in the case of a cross-lease or subdivision where the rates notices continue to be sent to the previous owner until the end of the financial year.
5. The ratepayer can no longer manage his or her own affairs because of age or health issues, and another person has assumed responsibility for paying the ratepayer’s accounts. This criterion can only be used once by each ratepayer.
6. The ratepayer has advised the council before the penalty date that he or she will not have funds available to pay the rates instalment until after the penalty date, and the payment is then made within 14 days of the penalty date. This criterion can only be used once within any two-year period by each ratepayer.
7. The ratepayer has contacted the council within seven days of a penalty date requesting a copy of the instalment notice but did not receive the copy before the penalty date, as long as payment is made within 10 days after the date the request was made.
8. Where correspondence disputing the payment of rates on the rating unit has been sent to Auckland Council but no record of receipt is found, and a copy of the correspondence together with proof that it was sent before the penalty date is supplied by the ratepayer.
9. The penalties incurred on the first instalment of each new financial year will be remitted if the ratepayer pays the total amount of rates due for the year, excluding the penalty on the first instalment, but including any arrears owing at the beginning of the financial year, by the second instalment due date.
10. Where the ratepayer meets the payment conditions agreed with the council to resolve a rates arrears, the council can remit any part of the penalties already incurred or yet to be incurred.

11. Where circumstances are such that to not remit some or all of the penalties would be unfair or unreasonable and inconsistent when compared to the criteria in 1 to 10 above.

The remission will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years.

Treatment of penalties on small overdue balances

When a small balance is overdue, which it is uneconomical to collect, council officers may write off the balance in line with other council procedures. Penalties will not be applied in these circumstances.

Postponement of rates for residential properties

Objectives

The objective of this scheme is to assist residential ratepayers who want to defer the payment of rates by using the equity in their property. This scheme also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement:

1. The ratepayer must be the current owner of the rating unit and owned the property for at least two years.
2. The rating unit must be used solely by the ratepayer as his or her residence.
3. The postponed rates will not exceed 80 per cent of the available equity in the property. The available equity is the difference between the council’s valuation of the property (the capital value at the most recent triennial revaluation) and the value of any encumbrances against the property, including mortgages or loans, if the ratepayer has insured the property for its full value. Otherwise, the available equity will be the 80 per cent of council’s valuation of the land less any encumbrances against the property.
4. The ratepayer or the ratepayer’s authorised agent must apply to the council on the prescribed form.

Conditions

1. The council recommends that ratepayers considering postponing their rates seek advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.
2. The council will postpone payment of the residual rates (what is left after any optional payment) if the ratepayer meets the above criteria.
3. The council may add a postponement fee each year to the postponed rates. The fee will cover the period from when the rates were originally due to when they are paid. The fee will not exceed the council’s administrative and financial costs of the postponement.
4. The postponement will apply from the beginning of the rating year in which the application for postponement is made, although the council may backdate the postponement application, depending on the circumstances.

5. Once the postponed rates are equal to, or greater than, 80 per cent of the available equity in the property, no further rates will be postponed. Any postponement will apply until one of the situations listed below occurs, at which time the postponed rates (and any postponement fee) will be immediately payable:
   a. the ratepayer’s death
   b. the ratepayer no longer owns the rating unit
   c. the ratepayer stops using the property as his or her residence
   d. a date set by the council in a particular case.

6. All or part of the postponed rates may be paid at any time.
7. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
8. Postponed rates will be registered as a statutory land charge on the rating unit’s title.
9. For the rates to be postponed, the council will require evidence each year, by way of statutory declaration, of the ratepayer’s property insurance and the value of encumbrances against the property, including mortgages and loans.

Part 2 - Addressing anomalies in schemes

Remission of rates for miscellaneous purposes

Objectives

The objective of this scheme is to enable the council to remit rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.

Conditions and criteria

The council may remit rates on a rating unit where it considers it just and equitable to do so because:

1. There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the unit’s rates are disproportionate to those assessed for comparable rating units
2. The circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the council’s other rates remission policies, but are not actually covered by any of those policies
3. There are exceptional circumstances that the council believes that it is equitable to remit the rates. The council has the final discretion to decide whether to grant a rates remission under this policy.

Remission of uniform annual general charges and targeted rates levied as fixed charges on rating units

Objectives
The objective of this scheme is to promote fairness in the application of rating by allowing the council to remit fixed charges in circumstances where it is equitable to do so.

Conditions and criteria
The council may remit uniform annual general charges and targeted rates levied as fixed charges, where the application meets one of the following criteria:

1. The rating unit is used solely for vehicle parking in conjunction with a building on a rating unit in the same ownership, and no car parking is available on the main property.
2. The rating unit is used jointly with one or more units as a single farm or horticultural entity and the group of rating units would otherwise be treated as a single rating unit, except that:
   a. the units are not strictly contiguous (for example, a farm run-off block).
   b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
3. The rating unit is Māori land used jointly with one or more Māori land units as a single entity and the group of rating units would otherwise be treated as a single rating unit, except that:
   a. the units are not strictly contiguous
   b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
4. The rating unit is classed by the council as a remote island that is uninhabitable or cannot be used for any practical use.

A remission will not apply to any rate that is levied for:
   a. separate residential dwelling or business located on the rating unit
   b. service actually provided to the rating unit.

Owners wishing to claim a remission under this policy may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this policy.

Part 3 - Other schemes

Remission of rates for community, sporting and other organisations providing community services in the district of the former Auckland Regional Council

Objectives

The objectives of this scheme are:
- facilitate the ongoing provision of non-commercial community services and recreational opportunities that meet the needs of residents of the Auckland region.
- encourage the sustainability of community-based organisations and the benefit they provide to community good.
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

The council may remit rates where the application meets the following criteria:
1. The scheme will apply to land owned and occupied by incorporated sport or recreation clubs or associations, or organisations providing community services, which have within their constitution appropriate clauses to qualify them as charities or where there are clauses that ensure they are not-for-profit, and where there is, in the opinion of the council, significant public good that results from the occupation of the land for the purpose of their sport, recreation or community services.

2. The scheme will not apply to:
   a. organisations operated for private pecuniary profit;
   b. land used for the purpose of accommodation (such as student accommodation), unless that use is in conjunction with the provision of some other qualifying community service.

3. This scheme does not apply to any rating unit that has qualified for a remission under any of the following schemes:
   a. remission of rates for community, sporting and other organisations providing community services in the district of the former Franklin District Council
   b. remission of rates for community, sporting and other organisations providing community services in the district of the former North Shore City Council
   c. remission of rates where organisations by their existence in the district directly benefit the residents of the district of the former Rodney District Council

4. All remissions are at the discretion of the council and will be assessed on a case-by-case basis. The council (at its absolute discretion) shall determine the extent of public benefits that are provided to the community. This shall be the basis for deciding eligibility for remission.

5. A qualifying rating unit will be eligible for a remission of five per cent of the rates (excluding targeted rates). Where the application relates to a community hall owned by what is known as a Resident and Ratepayer Association (however named), and the council determines that the applicant is eligible for rates remission, the rating unit will be eligible for a remission of ten per cent of the rates (excluding targeted rates).

6. Organisations making application should include the following documents in support of their application:
   a. constitution
   b. statement of objectives
   c. full financial accounts
   d. information on activities and programmes
   e. details of membership or clients.

7. The council reserves the right to require annual applications to renew the remission or require certification from the applicant that the property is still eligible for the remission and that the land use has not changed.

**Remission of rates for community, sporting and other organisations providing community services in the district of the former Franklin District Council**

**Objectives**

The objectives of this scheme are to:
- facilitate the ongoing provision of non-business community services that meet the needs of residents in the district of the former Franklin District Council
- facilitate the ongoing provision of non-business recreational opportunities for residents in the district of the former Franklin District Council
- assist the survival of sporting, recreation and other community organisations
make membership of sporting, recreational and community organisations more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

1. The scheme will apply to land owned by the council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes and is located in the district of the former Franklin District Council.
2. The scheme will not apply to organisations operated for private pecuniary profit, or which charge tuition fees.
3. The scheme will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
4. The application for rate remission must be made to the council prior to the commencement of the rating year (including providing any additional information requested by the council). Applications received during a rating year will not be applicable until the commencement of the following rating year.
5. Organisations making application should include the following documents in support of their application:
   a. statement of objectives
   b. full financial accounts
   c. information on activities and programmes
   d. details of membership or clients.
6. The council may also request other information required to support the application, eg proof of registration as a charity with the Charities Commission.
7. This scheme shall apply to such organisations as approved by council officers as meeting the relevant criteria.
8. The extent of any remission to any qualifying organisation shall be as determined by the council officers. A maximum of 50 per cent remission will apply to organisations that hold a liquor licence. No remission will be granted in respect of rates for waste management services.

Postponement of rates for sports clubs in the district of the former Manukau City Council

Objectives

The objective of this scheme is to provide relief to sports clubs where the rateable value of land that is owned and used by a recognised sports club for sports is significantly attributable to potential residential development or subdivision.

Conditions and criteria

1. For the purposes of this scheme
   a. ‘sports’ means any organised outdoor sport but excludes horse or dog racing of any kind and ‘sporting’ has a corresponding meaning
   b. ‘land’ means land comprising not less than 5 hectares and zoned main residential, residential settlement serviced, residential settlement unserviced, residential heritage
   1. residential heritage 2, residential heritage 3, residential heritage 4, residential
Rates remission and postponement policy

heritage 5, residential heritage 6, residential heritage 7, residential heritage 8 in terms of the Manukau City operative District Plan 2002 as at 1 January 2003.

2. To be eligible under this scheme, the land must be located in the district of the former Manukau City Council and:
   a. have been developed for sporting purposes prior to 1 January 2003
   b. continue to be used solely for sporting purposes since 1 January 2003

3. Upon written application from the ratepayer of the rating unit meeting the criteria set out in clause 2, and upon payment of a fee, the council will cause a rates postponement value to be determined.

4. The rates postponement value is to be determined:
   a. so as to exclude any potential value that, at the date of valuation, the rating unit may have for non-sporting uses
   b. so as to preserve the uniformity and equitable relativity with comparable parcels of land within the district of the former Manukau City Council and used for sporting purposes, the values of which do not contain any such potential value

5. There will be no right of objection to the rates postponement value determined under clause 3(a) and (b), except to the extent that it is proved that the rates postponement value does not preserve uniformity with existing District Valuation roll values for comparable rating units (used for sporting purposes) within the district of the former Manukau City Council having no potential value for non-sporting development.

6. Where a rates postponement value has been determined, the payment of rates will be deemed to have been postponed to the extent specified in clause 7 of this scheme.

7. The portion so postponed of the rates for any rating period shall be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the rating unit and the amount of the rates that would be payable for that period if the rates postponement value of the rating unit were its rateable value.

8. All rates whose payment has been postponed under this scheme will become due and payable immediately:
   a. on the rating unit ceasing to be used for sporting purposes
   b. where the ratepayer parts with possession of the rating unit or assigns or attempts to assign the rating unit in any way or for any purpose other than the giving of security for funds intended to be used for the further development of the rating unit for sporting purposes
   c. where the rating unit or part of the rating unit is developed for any purpose other than sports

9. However, the council may in its sole discretion, decide to remit part or all of the rates postponed in any particular case where it considers that it would be just and equitable to do so.

10. The postponement will generally apply from the beginning of the rating period in which the rate postponement value is determined but may, at the council’s sole discretion, be backdated to 1 July 2006.

11. Postponed rates will be registered as a statutory land charge on the title of the rating unit.

12. The council will add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council’s administration and financial costs.

13. The financial consideration of the postponement fee to be added under clause 11 will be an annual interest rate to be set by the council.

Remission of rates for community, sporting and other organisations providing community services in the district of the former North Shore City Council
Objectives

The objectives of this scheme are to:

- to facilitate the ongoing provision of non-commercial (non-business) community services that meet the needs of residents in the district of the former North Shore City Council
- to facilitate the ongoing provision of non-commercial (non-business) recreational opportunities for residents in the district of the former North Shore City Council
- assist the organisation’s survival
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people and economically disadvantaged people.

Conditions and criteria

The council may remit rates where the application meets the following criteria:

1. This scheme will apply to land owned by the council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes and is located in the district of the former North Shore City Council.
2. This scheme will not apply to organisations operated for private pecuniary profit or which charge commercial tuition fees.
3. This scheme will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting or community services as a secondary purpose only.
4. The application for rate remission must be made to the council prior to the commencement of the rating year; applications received during a rating year will be applicable from the commencement of the following rating year. No applications will be backdated.
5. Organisations making application should include the following documents in support of their application:
   a. statement of objectives
   b. full financial accounts
   c. information on activities and programmes
   d. details of membership or clients
6. This scheme shall apply to such organisations as approved by the council officers as meeting the relevant criteria.
7. The extent of any remission to any qualifying organisation shall be as determined by the council officers. No remission will be granted in respect of rates for waste management services.

Remission of rates where organisations by their existence in the district directly benefit the residents of the district of the former Rodney District Council

Objectives

The objectives of this scheme are to encourage certain sport, recreation and welfare organisations in the district of the former Rodney District Council which directly benefit the residents of the district.

Conditions and Criteria
1. Applicant organisations must benefit residents of the district of the former Rodney District Council: council will exercise its discretionary powers for rates relief, only to organisations which by their existence in the district of the former Rodney District Council will directly benefit the residents of the district of the former Rodney District Council.

2. Not to apply to non-rateable land: This scheme does not apply to categories of land that are Non-rateable or 50 per cent non-rateable in accordance with Schedule 1 of the Local Government (Rating) Act 2002.

3. Public halls and libraries: That subject to (1) above, all public halls and libraries receive 100 per cent remission of all rates.

4. Sporting clubs and similar organisations: That sporting clubs and other similar organisations that would be 50 per cent non-rateable in accordance with the Local Government (Rating) Act 2002 Schedule 1 Part 2, except that a liquor licence is in force in respect of the land, receive 50 per cent remission of all rates.

5. Organisations whose principal objective is to promote education or health: That subject to (1) above, organisations whose principal objective is to promote education or health, the members of such organisations deriving no pecuniary gain, be granted a 100 per cent remission of all rates.

6. Reserves used for passive recreation: That subject to (1) above, reserves used for passive recreation that do not receive income, receive 100 per cent remission of all rates.

7. Organisations leasing council land may qualify for additional assistance: That in the case of organisations leasing council land and run by voluntary assistance solely for the benefit of the community, the members of which derive no pecuniary gain, council is prepared to consider those applications as eligible for further rate relief.

8. Other organisations: That all other remissions be limited to 50 per cent of all rates.

9. Council may consider remission not strictly in accordance with this scheme: Subject to (1) above, council may consider remissions beyond any limits in this scheme if the circumstances so warrant. In particular those organisations already receiving relief outside the general conditions of this policy shall continue to do so until this scheme is reviewed.

Remission of rates for private covenanted land in the district of the former Auckland City Council

Objectives

The objective of this scheme is to encourage landowners to covenant their land for conservation purposes.

Criteria

The council may remit rates on land located in the district of the former Auckland City Council where:

- a rating unit is wholly or partly subject to a registered open space covenant under section 22 of the Queen Elizabeth II National Trust Act 1977;
- private land has a conservation covenant under section 77 of the Reserves Act 1977 registered against its certificate of title.

To receive rates remission, land covenanted under the Reserves Act 1977 must have a council-approved management plan in place that meets the council’s criteria, to ensure that the conservation area is protected and maintained.
The council will inspect the conservation area every two years to ensure that the conservation area is being maintained to the agreed standard in the management plan.

Conditions

The ratepayer or the ratepayer’s agent must apply to the council on the prescribed form, which will include a council-approved covenant management plan. After the initial application has been approved, the council will continue to apply any remission until the rating unit ceases to qualify for a remission under this scheme.

A qualifying rating unit will be eligible for a remission of 100 per cent of the rates (excluding targeted rates) on the part of the rating unit to which the covenant applies, as long as the conservation area is maintained to the standard agreed in the management plan.

If the conservation area is not maintained to the standard agreed in the management plan, the council may reduce the level of the remission, including the complete removal of the remission.

Remission of rates for rating units in the district of the former Auckland Regional Council protected for natural or historic or cultural conservation purposes

Objectives

The objective of this scheme is to encourage the preservation and enhancement of open space in the Auckland region.

Criteria

1. The remission will only apply where the rating unit is wholly or partly subject to:
   a. an open space covenant under the Queen Elizabeth the Second National Trust Act 1977
   b. a heritage covenant under section 6 of the Historic Places Act 1993
   c. a conservation covenant under section 77 of the Reserves Act 1977
   d. a declaration of protected private land under section 76 of the Reserves Act 1977
   e. a management agreement for conservation purposes under section 38 of the Reserves Act 1977
   f. a covenant for conservation purposes under section 27 of the Conservation Act 1987
   g. a management agreement for conservation purposes under section 29 of the Conservation Act 1987
   h. a covenant with the council which has the effect of preserving the land for natural or cultural conservation purposes.
2. Only land which has been voluntarily made subject to one of the above protections will be eligible for remission. Land which has been required to be protected by central or local government, for example as a condition of a resource consent, is not eligible.
3. This scheme does not apply to any rating unit used for business purposes. 'Business' is defined as 'used solely or principally for business purposes, and including communications, electricity, gas, water supply, sanitary and vacant utilities, medical facilities, theatres and similar entertainment facilities, motels and hotels and similar accommodation, and rating units used for purposes of mineral extraction; but excluding rating units used for farming and agricultural or educational purposes.'
4. This scheme does not apply to any rating unit that has qualified for a remission under any of the following schemes:
a. remission of rates for private covenanted land in the district of the former Auckland City Council
b. remission of rates for natural areas protected in the district of the former Franklin District Council
c. remission of rates on land in the district of the former Papakura District Council protected for natural conservation purposes
d. remission for land in the district of the former Rodney District Council voluntarily protected for natural or historic or cultural conservation purposes.

Conditions

1. A qualifying rating unit will be eligible for remission of 10 per cent of the same proportion of rates (excluding targeted rates) as the area subject to the covenant, declaration or agreement bears to the area of the rating unit as a whole.
2. The council reserves the right to require a fresh application for remission each year and to require a declaration or other proof from the applicant that the rating unit remains eligible for the remission.

Remission of rates for natural areas protected in the district of the former Franklin District Council

Objectives

The objective of this scheme is to promote the protection of land comprising natural areas (being stands of native bush, wetlands, wildlife habitats and landforms) that have, voluntarily, been appropriately physically and legally protected or classified.

Conditions and criteria

1. Rates remission and relief may be granted in respect of land comprising natural areas (being stands of native bush, wetlands, wildlife habitats and landforms) located in the district of the former Franklin District Council that have, voluntarily, been appropriately physically and legally protected or classified. Such relief may only be granted while the necessary physical and legal protection remains in force.
2. Up to 100 per cent rates remission may be granted for appropriately protected natural areas. The amount of relief granted will be determined on a case by case basis by the council officers. In particular, each application for rates relief shall contain sufficient information to allow the following to be assessed:
   a. the significance of the natural area being protected. In particular:
      • the significance of the area in an international, national, regional or local context
      • the rarity or representativeness of the area
      • whether the type of feature comprising the area has been protected elsewhere in the district of the former Franklin District Council
      • the vulnerability of the natural area being protected, including an assessment of whether, and to what extent, the preservation of the natural area might be prejudicially affected if rates relief is not granted in respect of the land comprising the area.
   b. the financial cost and loss of opportunity for the applicant in protecting the natural area on a voluntary basis.
   c. whether the applicant will be required to change the use of the land and be bound by certain management practices. If so, the likely costs involved.
Rates remission and postponement policy

...d. whether extraordinary conditions and restrictions apply to the natural area being protected and surrounding land. If so, how these will affect the saleability and future use of the natural area and surrounding land.

e. such other matters as the council considers relevant.

3. The actual amount of rates remitted in respect of the land comprising a protected natural area shall be calculated using the following formula:

\[
\text{Amount of rates remitted} = \frac{(\text{percentage rates relief granted}) \times (\text{area of protected natural feature})}{(\text{total area of property})} \times (\text{general rates payable on total area of property})
\]

If at any time a landowner fails to maintain the necessary physical protection or otherwise breaches the conditions of legal protection for a natural area, the council may cease to provide rates remission or relief in respect of the land comprising that natural area. This action will only be undertaken if other remedies, including consultation with the landowner, have failed.

Rates relief for the protection of natural areas under this scheme shall not apply to protected natural areas included in a lot which has arisen out of a subdivision consent issued by council.

There is no fee for processing an application under this scheme.

Remission of rates on land in the district of the former Papakura District Council protected for natural conservation purposes

Objectives

The objective of this scheme is to encourage owners to take measures to protect areas of land for natural conservation purposes for the benefit of future generations.

Conditions and criteria

Rates may be remitted on land located in the district of the former Papakura District Council where the application meets the following criteria:

1. A mechanism must be in place which provides for the enduring protection of land concerned, such as:
   a. an open space covenant under the Queen Elizabeth the Second National Trust Act 1977
   b. a conservation covenant or protected private land agreement under the Reserves Act 1977
   c. any other covenant or agreement which in the opinion of the council provides enduring protection for the land.

2. The ratepayer must provide copies of documentation creating the protection mechanism along with confirmation that, and how, any conditions of the mechanism are being complied with.

3. Qualifying land will not include any area put to active use, including but not limited to, residential accommodation, commercial activities, grazing or other farming activity.

4. Separate rating valuations will be prepared for the qualifying protected land and the balance of the property.
5. Remission of 100 per cent of rates, excluding uniform charges, will be granted only in respect of the protected area.
6. The ratepayer must make application annually to the council on the prescribed form.

Remission for land in the district of the former Rodney District Council voluntarily protected for natural or historic or cultural conservation purposes

Objectives

The objective of this scheme is to provide a measure of relief, by way of rates remission, for property owners who have voluntarily protected their land for natural or historic or cultural conservation purposes. Schedule 1 of the Local Government (Rating) Act 2002 lists land that is non-rateable in terms of the Act. This policy does not apply to any land that is non-rateable in terms of the Local Government (Rating) Act 2002.

Conditions and criteria

1. Remission for land located in the district of former Rodney District Council protected for conservation or preservation purposes: Subject to clause 2 (dwelling houses) below, the council may remit 100 per cent of the rates on land which is subject to:
   a. an open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977
   b. a heritage covenant under section 52 of the Historic Places Act 1980
   c. a conservation covenant under section 77 of the Reserves Act 1977
   d. a declaration of protected private land under section 76 of the Reserves Act 1977
   e. a management agreement for conservation purposes under section 38 of the Reserves Act 1977
   f. a covenant for conservation purposes under section 27 of the Conservation Act 1987
   g. a management agreement for conservation purposes under section 29 of the Conservation Act 1987
   h. a Māori reservation for natural, historic or cultural conservation purposes under section 439 of the Māori Affairs Act 1953
   i. a covenant with the former Rodney District Council obligated by bond which has the effect of preserving areas of natural bush greater than 10 hectares for a minimum period of 999 years, not including land protected as a result of a ‘bush lot subdivision’ approved by the council pursuant to the Operative District Plan of the former Rodney District Council.

2. Dwelling houses: The maximum remission of 100 per cent of rates will not apply in respect of any rating unit if there is a dwelling house, or pursuant to the provisions of the respective covenant or agreement, the right to erect a dwelling house on the land. Council will consider such applications according to the particular circumstances of each case.

3. Continuation of remissions: When the council officer has approved a particular application the rates shall thereafter be remitted annually for so long as the council continues to be satisfied that the circumstances that existed at the time the application was granted continue to apply. The council may request an annual declaration or re-application.

Postponement of rates for commercial properties on Great Barrier Island

Objectives
The objective of this scheme is to encourage and support owners of commercial properties on Great Barrier Island to continue to use their properties for this purpose, rather than pursuing non-commercial developments. It provides relief where the rateable value of a rating unit that is used for commercial purposes on Great Barrier Island is significantly attributable to the potential use that the land may be put to for residential or other non-commercial use.

Criteria

The rates will be postponed, to the extent specified below, where a rating unit located on Great Barrier Island that comes within the rural business differential rating group and is used principally for commercial purposes. If only part of the rating unit is used for commercial purposes, the rates postponement will apply only to that part of the rating unit.

Conditions

1. The ratepayer must apply to Auckland Council on the prescribed form.
2. If the application is approved, the council will postpone a portion of the rates on the rating unit (or part of the rating unit) for the relevant year or years. The amount of rates that are postponed for any rating period will be equal to the difference between:
   a. the rates calculated using the rateable value of the rating unit (or part of the rating unit), and
   b. the rates calculated using 80 per cent of the rating unit’s (or part of the rating unit’s) capital value as the rateable value.
3. Unless the postponed rates become payable in accordance with condition 4 of this scheme, the council will write off the postponed rates, including the postponement fee, after five years.
4. The rates that are postponed under this scheme, and that have not been written off under condition 3, become due and are to be paid immediately if the rating unit ceases to qualify for rates postponement under this scheme.
5. Where the ratepayer’s interest in the land becomes vested in another person, the rates postponement will continue to have effect for the land if it continues to qualify for rates postponement under this scheme.
6. The postponement will apply from the beginning of the rating period in which the application is determined and will not be backdated to prior years.
7. Postponed rates will be registered as a statutory land charge on the title of the rating unit.
8. The council will add a postponement fee to the postponed rates, for the period between the date when they are due and the date that they are paid. This fee will not exceed the council’s administrative and financial costs.
9. For the rates to be postponed, the council will require evidence each year, by way of statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme.

Rates transition management policy changed properties remission

Objectives

The objectives of this remission scheme is to enable the council to address the inequity that results from ratepayers of changed properties being excluded from the council’s Rates transition management policy, where the property changes initiated by the ratepayer are minor. The scheme allows the council to remit the rates adjustment the changed property would receive under Rates transition management policy for the proportion of the change in their rates not attributable to the changes initiated by the ratepayer to their properties.

Criteria and conditions

The following categories of changed properties are those outlined in the council’s Rates transition management policy (see volume three of the council’s Long-term Plan 2012-2022 for details of the policy):

- Residential and farm/lifestyle properties whose total rates increase is more than 10 per cent and the property has undergone a change such as a renovation.
- Business properties that have undergone a change and would otherwise have their rates increase phased over the transition period.

The rates transition management remission does not apply to changed properties that have resulted from the following:

- new build, as a result of developing a vacant section
- new properties created from a subdivision
- a change in the rating differential as a result of the ratepayer changing the use of the property.

For qualifying changed properties, the council will remit the rates adjustment under the Rate transition management policy that is attributable the change between the current year’s baseline rates and the previous year’s baseline rates excluding the portion of the rates that has resulted from the property change initiated by the ratepayer.

However for residential and farm/lifestyle properties, if the change in the current year’s baseline rates and the previous year’s baseline increase (excluding the portion that is attributable to the property change initiated by the ratepayer) is less than 10 per cent then no remission is applied.

Delegation of decision-making

Decisions relating to the remission or postponement of rates payments will be made by council officers.

Adoption and amendment of this policy

The council must use the special consultative procedure set out in the LGA 2002 to adopt and amend this policy.
Attachment D: Proposal to amend Auckland Council’s Rates Remission and Postponement Policy

The Auckland Council is required to review and seek feedback on its Rates remission and postponement policy this year. This policy allows us to remit (reduce) or postpone (defer payment until a later date) rates for some properties.

We use this policy to provide financial assistance to ratepayers, and address inequities in how rates are applied. Full details of the council’s current Rates remission and postponement policy can be viewed here.

The council is proposing changes to rates remission and postponement schemes offered for the following:
1. rates penalties
2. retirement villages and Papakāinga housing
3. legacy remission and postponement schemes for:
   • community and sporting organisations
   • rating units protected for natural or historic or cultural conservation purposes
   • commercial properties on Great Barrier Island
   • Manukau sports clubs.

The council is also proposing to:
4. introduce a new remission scheme for properties charged the accommodation provider targeted rate
5. remove the remission for rates transition management policy change properties

Full details of the proposed changes, and the draft Rates remission and postponement policy are below.

We invite you to submit feedback on the proposed changes, or any other aspect of our Rates remission and postponement policy.

Details of proposals

1. Remission of rates penalties

This scheme enables the council to remove penalties on rates that were paid after the due date. Currently this scheme lists 11 situations where council will remit penalties, such as if the invoice was sent to the previous owner. Some of the criteria are unnecessary as ratepayers could apply other criteria.

We are proposing to reduce the number of criteria in this scheme to simplify administration and reduce the distress on those where penalties have accumulated due to unfortunate personal circumstances such as deaths and fires. The changes will not alter the number or amount of penalties remitted.

2. Remission for residents of licence to occupy retirement villages and Papakāinga housing

This scheme assists residents of retirement villages and Papakāinga who would otherwise qualify for central government’s rate rebate scheme, except they occupy their property under
a licence to occupy agreement. The scheme remits the Uniform Annual General Charge (UAGC) and the Interim Transport Levy (ITL) for qualifying residents.

This year central government amended the legislation\(^1\) for its rates rebate scheme to enable residents of licence to occupy retirement villages to access the scheme. As a result we are proposing to remove retirement villages from this scheme. The scheme will be retained for Papakāinga that use license to occupy tenancies which continue to be unable to access the rebate scheme. The council will work with affected retirement villages to ensure that residents are able to access the rates rebate.

This year Auckland Council is proposing to remove the Interim Transport Levy rate. If this change is adopted by council, this remission scheme will be amended to remove the ITL.

Removing retirement villages from this scheme will save ratepayers $740,000.

3. Legacy remission and postponement schemes

The council’s rates remission and postponement policy includes the following schemes that were carried over from the previous councils (from before amalgamation.) These schemes are only available within the district of the former council that offered the scheme:

- remission of rates for community, sporting and other organisations providing community services in the district of the former Auckland Regional Council
- remission of rates for community, sporting and other organisations providing community services in the district of the former Franklin District Council
- postponement of rates for sports clubs in the district of the former Manukau City Council
- remission of rates for community, sporting and other organisations providing community services in the district of the former North Shore City Council
- remission of rates where organisations by their existence in the district directly benefit the residents of the district of the former Rodney District Council
- remission of rates for private covenanted land in the district of the former Auckland City Council
- remission of rates for rating units in the district of the former Auckland Regional Council protected for natural or historic or cultural conservation purposes
- remission of rates for natural areas protected in the district of the former Franklin District Council
- remission of rates on land in the district of the former Papakura District Council protected for natural conservation purposes
- remission for land in the district of the former Rodney District Council voluntarily protected for natural or historic or cultural conservation purposes
- postponement of rates for commercial properties on Great Barrier Island

We proposed to remove the legacy schemes (excluding the Postponement of rates for sports clubs in Manukau) and replace them with grants. A three year transition period will apply during which the current recipients will receive the same level of support adjusted for any changes in their rates.

Within the three years the council will consider how these grants will be integrated into council’s broader funding strategies for delivering community outcomes. Recipients will be informed of any options for additional funding including grants after the transition period.

\(^1\) Rates Rebate (Residents of Retirement Villages) Act 2018.
Replacing rates with grants is cost neutral for council. Grants will be paid to recipients exclusive of the GST component of rates. Recipients that are GST registered will then be able to claim back the GST when they pay their rates. Recipients who are not GST registered will have an effective reduction in council support of 13 per cent.

Postponement of rates for sports clubs in the district of the former Manukau City Council

The current rates postponement scheme is designed to be cost neutral when paid back. The postponed rates include charges for administration costs and interest. Transferring the postponement schemes to grants would result an increased cost of $100,000 each year for other ratepayers.

We are therefore proposing to retain this scheme with the following amendments:

- eligibility restricted to the two clubs who have rates postponed under the scheme
- remove the ability of the council to remit the unpaid rates
- the scheme will be removed after three years (any postponed rates will remain as liability on the property, to be paid on the sale or transfer of the property.)

4. Remission of Accommodation Provider Targeted Rate

We are proposing to introduce a new remission scheme for ratepayers who are charged the Accommodation Provider Targeted Rate (APTR). This scheme enables us to remit the APTR for:

- properties used as emergency accommodation, in proportion to the amount of time and the part of the property that is put to this use
- ratepayers who own no more than two serviced apartments, who are paid a fixed rent (with no profit sharing), and who are unable to pass on the cost of the rate and unable to exit the contract before the start of rating year. (A partial remission will apply where the lease to the accommodation operator expires during the rating year.)

The remission for serviced apartments will be phased out over 10 years, with the amount of remission available declining by a tenth each year. Remissions under this scheme are expected to cost ratepayers $1.2 million in 2018/2019, with this amount declining over the next ten years.

5. Remission for rates transition management policy change properties

This scheme supported the application of the Rates transition management policy that expired on 30 June 2015. The scheme is redundant and will be removed.

Alternative Options

The table following sets out the options considered by council for each of the proposed changes.

---

## Options for remission of penalties

<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain the existing scheme</td>
<td>No change</td>
<td>Cost neutral</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>Proposed: Reduce criteria</td>
<td>No change</td>
<td>Cost neutral</td>
<td>Easier for ratepayers to apply</td>
<td>Reduced administration required</td>
</tr>
</tbody>
</table>

## Options for remission for residents of licence to occupy retirement villages and Papakāinga housing

<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retain the existing scheme</td>
<td>Increases inequity – Residents of licence to occupy retirement villages would be able to apply for both a remission and rebate so would receive greater assistance than other ratepayers</td>
<td>Cost neutral</td>
<td>No change</td>
<td>More administration required</td>
</tr>
<tr>
<td>Proposed: Remove retirement villages</td>
<td>Increases equity – treats residents of licence to occupy retirement villages the same as other ratepayers</td>
<td>Saving of $740,000</td>
<td>Council will work with affected retirement villages to ensure residents take up rebate</td>
<td>Reduced administration required</td>
</tr>
</tbody>
</table>
### Options for legacy remission and postponement schemes

<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove immediately</td>
<td>All decisions on council support to deliver these types of outcomes subject to the same scrutiny.</td>
<td>Saving of $900,000</td>
<td>Immediate impact on current recipients. Whilst remissions mainly small some current recipients may not be able to accommodate change in a short time period.</td>
<td>No impact as administration costs minimal</td>
</tr>
<tr>
<td>Proposed: Replace with grants with a three year transition</td>
<td>All decisions on council support to deliver these types of outcomes subject to the same scrutiny. Transition provides time to integrate this support into wider decision making on delivery of the relevant outcomes across the region.</td>
<td>Cost neutral</td>
<td>No immediate impact. Three years in which to develop relationships with the council, if none presently exist, and to adapt to new funding environment.</td>
<td>Volumes of applications for grants would increase but could be managed within current systems</td>
</tr>
<tr>
<td>Retain the status quo</td>
<td>Inequitable as only available in some parts of the region. Remissions and postponements are not a transparent mechanism for supporting wider council goals because they are not prioritised against other expenditure proposals or subject to the same value for money scrutiny.</td>
<td>Cost neutral</td>
<td>No impact on existing recipients</td>
<td>No impact</td>
</tr>
<tr>
<td>Extend remissions to the entire region</td>
<td>More equitable because remissions are available to all ratepayers. Remissions and postponements are not a transparent mechanism for supporting wider council goals because they are not prioritised against other expenditure proposals or subject to the same value for money scrutiny.</td>
<td>Additional costs for extending the current remission schemes estimated at $4.5 - $6 million as follows. $40,000 for 100 properties with a QEII covenant. Significantly more if extended to 4500 properties with other types of covenants. $3 million for Category A heritage properties in the Unitary Plan. $1.5 million for 50 per cent remission to $3 million for 100 per cent remission for community and sporting organisations.</td>
<td>No impact on existing recipients. Average residential ratepayer will pay $10 more per year in rates.</td>
<td>One off additional costs to communicate to potential recipients and assess applications. Once eligibility is established ongoing costs are minimal</td>
</tr>
</tbody>
</table>
## Options for remission of the Accommodation provider targeted rate

<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
</table>
| **No remissions offered**                   | Council is unable to recognise where motels are used to provide emergency accommodation  
No support provided to small investors in serviced apartments who may not be able to manage the increased costs | Cost saving of $1.8 million compared to 2017/2018 remissions of the APTR under the miscellaneous remission scheme. | Motel operators will have additional costs. Some small investors in serviced apartments may suffer financial hardship with contracts they are unable to exit | Reduces administration                                                                     |
| Proposed:                                   |                                                                            |                                                                                  |                                                                                                 |                                                                                          |
| • Remissions for Emergency accommodation    | Recognises that using motels as emergency housing is a residential use that should not attract the APTR. | Cost of emergency housing remission: less than $50,000. | Reduces costs for motel operators                                                                 |                                                                                          |
| • Remissions for Small investors in serviced apartments, phased out over 10 years | Provides assistance to small investors who own one or two serviced apartments who may suffer financial hardship with contracts they are unable to exit. | Estimated cost serviced apartments in 2018/2019: $1.2 million. This is less than the $1.8 million in APTR remitted in 2017/2018 (as at February 2018) due to:  
• exclusion of forward bookings  
• contracts for serviced apartments expiring or able to be exited  
• exclusion of owners of more than two apartments | Reduces change for small investors over ten years | Lower administration compared to other options as fewer remissions offered |
| Remissions for Small investors in serviced apartments until contracts expire | Small investors may be locked into contracts for their serviced apartments for longer than 10 years (some up until 2047). Providing a remission for the duration of the contract means that all ratepayers will pay more to support individuals’ private investments.  
Small investors, like large investors, have freely entered into contracts and should bear the cost of their investment choices. | Cost of remission increases $10 million (uninflated) over the life of the remission scheme compared to phased scheme. | Eliminates change for small investors | Extends period over which scheme needs to be administered compared to proposed |
## Attachment D

### Item 16

#### Rates remission and postponement policy review

<table>
<thead>
<tr>
<th>Option</th>
<th>Key Issues</th>
<th>Cost to council</th>
<th>Minimise the effects of change</th>
<th>Administrative simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remissions for Large investors</td>
<td>Some very large hotels can have the operator as a separate entity from the ratepayer. Depending on the nature of the contract, these ratepayers may also be unable to pass on the cost to the hotel operator, and remission could be considered on this basis. Unlike small investors, large investors tend to have better access to advice, and a greater ability to negotiate the terms of any contract they enter into. The larger the investment being made, the greater the requirement for due diligence to be undertaken. Large investors should therefore bear a greater responsibility for managing the risks of changes to taxes or legislative environment for any contracts they enter into.</td>
<td>Additional $65,000 in 2018/2019 if extended to owners of up to 4 serviced apartments. Unknown how many larger hotels have separate ratepayer/operator – significant risk to APTR funding if included.</td>
<td>Eliminates change for all investors who are unable to pass on the cost of the APTR to the accommodation operator.</td>
<td>Increased administration in reviewing leases and determining relationship between operator and ratepayer</td>
</tr>
<tr>
<td>Remissions for Forward Bookings</td>
<td>Some hotels have entered into contracts that block book rooms for businesses such as airlines, with prices fixed for between one and three years. Offering remission to hotels for forward contracts is inequitable to other accommodation providers because all accommodation providers take bookings in advance. Some contracts already allow cost of rate to be passed on. All contracts viewed by council can be exited in the short term. Business should be able to manage the risk of the contracts they enter into.</td>
<td>Estimated $700,000 for 2018/2019, though this figure could rise significantly if more hotels apply. Most contracts are for 1 to 3 years, so cost of remission would decline quickly over time</td>
<td>Council has provided remissions under its miscellaneous scheme for 2017/2018. This covers a significant proportion of existing contracts.</td>
<td>Significant administrative burden in reviewing contracts for both council and applicants. (Reflected in the limited number of applications received.)</td>
</tr>
</tbody>
</table>
Other remission and postponement schemes

The remaining remission and postponement schemes in the Rates remission and postponement policy have been reviewed by council. These schemes continue to meet the objectives set out for each scheme. As such, no changes are proposed for these schemes:

- remission of rates to top-up the rates rebate
- postponement of rates for residential properties
- remission of rates for miscellaneous purposes
- remission of uniform annual general charges and targeted rates levied as uniform annual charges on certain rating units.

Process for Rates remission and postponement policy

Feedback on this policy is welcome from 13 March until 3 April 2018. This feedback will help inform council’s decisions on the rates remission and postponement policy. A final policy will be adopted by the Finance and Performance committee on the 30 May 2018. The policy will take effect from 1 July 2018.

Ways to have your say on the Rates remission and postponement policy

+ Online
  https://www.aucklandcouncil.govt.nz/have-your-say/topics-you-can-have-your-say-on/Pages/default.aspx

  Keyword: remissions

+ By email
  akhaveyoursay@aucklandcouncil.govt.nz

+ By post

  Rates remission and postponement consultation
  Auckland Council
  Freepost Authority 2435125
  Private Bag 92300
  Auckland 1142

+ By phone
  09 301 0101
Attachment E: Draft Rates remission and postponement policy

Policy purpose and overview

The objective of this policy is to:

- provide ratepayers with some financial or other assistance where they might otherwise have difficulty meeting their obligations
- address circumstances where the rating system results in anomalies in the incidence of rates
- support the achievement of broader council policy objectives.

The council’s remission and postponement policy is set out in three parts each containing a number of schemes.

Part 1 - Financial assistance and support

- remission of rates to top-up the rates rebate
- remission for residents who occupy Papakāinga housing under a licence to occupy
- remission of rates penalties
- postponement of rates for residential properties
- remission of accommodation provider targeted rate.

Part 2 - Addressing anomalies

- remission of rates for miscellaneous purposes
- remission of uniform annual general charges and targeted rates levied as uniform annual charges on certain rating units.

Part 3 - Other schemes

- postponement of rates for sports clubs in the district of the former Manukau City Council

Policy background

Section 102(5) of the Local Government Act 2002 provides that a council may have a rates remission and postponement policy.
Full details and criteria for the remission and postponement schemes

This section has the full details of each remission and postponement scheme, as well as outlining the objectives and criteria for each scheme.

Applications

The ratepayer or ratepayer’s agent must apply to the council on the prescribed remission or postponement form. The application should show how the remission or postponement will support the objectives of the scheme and how the property fits within the objectives. For the rates to be remitted or postponed, the council may require evidence each year, by way of statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme. The council can apply for the remission or postponement on behalf of the ratepayer, provided the council is certain that the property meets all the criteria of the scheme. The council reserves the right to seek further information if it deems it necessary.

The remission or postponement will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years, unless otherwise stated in the scheme.

Part 1 - Financial assistance and support schemes

Remission of rates to top-up the rates rebate

Objectives

The objective of this remission scheme is to enable the council to address the inequity that results from Auckland ratepayers being unable to include water and wastewater charges when applying for the central government’s rate rebate scheme. This scheme allows the council to remit the difference between its rates rebate top-up calculation and the government’s rates rebate scheme to include Watercare Services Limited’s and Veolia Water Limited’s (previously United Water Limited) water and wastewater charges in the calculation.

Conditions and criteria

To be eligible for the top-up remission, the ratepayer must meet the following criteria:

1. be a residential ratepayer and reside on the property
2. have resided on the property at the beginning of the rating year (1 July)
3. be an individual, rather than an organisation or trust. The amount remitted will vary according to the:
   a. ratepayer’s gross income, including any overseas income
   b. amount of Auckland Council rates payable by the ratepayer
   c. amount of water and wastewater charges payable by the ratepayer
   d. number of children or other dependants that the ratepayer supports
Rates remission and postponement policy

Finance and Performance Committee
27 February 2018

Attachment E
Item 16

Rates remission and postponement policy review

e. maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council’s extended rates rebate scheme is automatically updated for the new thresholds.

Remission for residents who occupy Papakāinga housing under a licence to occupy

Objectives

This remission scheme allows council to remit the uniform annual general charge for residents of Papakāinga housing who would otherwise qualify for central government’s rate rebate scheme, except they occupy their property under a licence to occupy agreement.

The remission will be applied to the rates of the Papakāinga in which the applicant resides, where an agreement exists between the village operator and Auckland Council (see more below). The benefit of the rates remission will be passed to the resident.

Conditions and criteria

To be eligible for the licence to occupy remission, the applicant must meet the following criteria:

1. be a resident of Papakāinga housing under a licence to occupy agreement
2. reside in a unit or apartment that is identified by Auckland Council as a separately used or inhabited part of the Papakāinga housing to which a separate uniform annual general charge is applied
3. reside in Papakāinga housing that has entered into an agreement with Auckland Council to:
   f. identify the rates for applicants to the scheme
   g. pass the full benefit of any rates remission granted under this scheme to the successful applicant
4. have resided on the property at the beginning of the rating year (1 July)
5. be an individual, rather than an organisation or trust
6. only one application per unit or apartment will be accepted.

Granting of a remission will depend on:

1. the applicant’s gross household income, including any overseas income
2. the share of Auckland Council rates payable by the applicant to Papakāinga housing in which the applicant resides
3. the maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council’s remission for residents of a ‘license to occupy’ within Papakāinga housing is automatically updated for the new thresholds.

How to apply

The management of Papakāinga housing accepted into the scheme will provide application forms to their residents.
Remission of rates penalties

Objectives

The objective of this scheme is to enable the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.

Conditions and criteria

Penalties on rates may be remitted when one or more of the following criteria are met.

1. The ratepayer has paid after the penalty date, but has not received a rates penalty remission under this policy within the past two years.
2. A new ratepayer for a rating unit has not received the rates instalment notice due to the notice of the sale or transfer of the rating unit not being received by the council prior to the issue of the instalment notice.
3. The penalties incurred on the first instalment of each new financial year will be automatically remitted if the ratepayer pays the total amount of rates due for the year, excluding the penalty on the first instalment, but including any arrears owing at the beginning of the financial year, by the second instalment due date.
4. Where the ratepayer meets the payment conditions agreed with the council to resolve a rates arrears, the council can remit any part of the penalties already incurred in the current rating year, or yet to be incurred.

The remission will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years.

Treatment of penalties on small overdue balances

When a small balance is overdue, which it is uneconomical to collect, council officers may write off the balance in line with other council procedures. Penalties will not be applied in these circumstances.

Postponement of rates for residential properties

Objectives

The objective of this scheme is to assist residential ratepayers who want to defer the payment of rates by using the equity in their property. This scheme also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement:

1. The ratepayer must be the current owner of the rating unit and owned the property for at least two years.
2. The rating unit must be used solely by the ratepayer as his or her residence.
3. The postponed rates will not exceed 80 per cent of the available equity in the property. The available equity is the difference between the council’s valuation of the property (the capital value at the most recent triennial revaluation) and the value of any encumbrances.
against the property, including mortgages or loans, if the ratepayer has insured the property for its full value. Otherwise, the available equity will be the 80 per cent of council’s valuation of the land less any encumbrances against the property.

4. The ratepayer or the ratepayer’s authorised agent must apply to the council on the prescribed form.

Conditions

1. The council recommends that ratepayers considering postponing their rates seek advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.
2. The council will postpone payment of the residual rates (what is left after any optional payment) if the ratepayer meets the above criteria.
3. The council may add a postponement fee each year to the postponed rates. The fee will cover the period from when the rates were originally due to when they are paid. The fee will not exceed the council’s administrative and financial costs of the postponement.
4. The postponement will apply from the beginning of the rating year in which the application for postponement is made, although the council may backdate the postponement application, depending on the circumstances.
5. Once the postponed rates are equal to, or greater than, 80 per cent of the available equity in the property, no further rates will be postponed. Any postponement will apply until one of the situations listed below occurs, at which time the postponed rates (and any postponement fee) will be immediately payable:
   a. the ratepayer’s death
   b. the ratepayer no longer owns the rating unit
   c. the ratepayer stops using the property as his or her residence
   d. a date set by the council in a particular case.
6. All or part of the postponed rates may be paid at any time.
7. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
8. Postponed rates will be registered as a statutory land charge on the rating unit’s title.
9. For the rates to be postponed, the council will require evidence each year, by way of statutory declaration, of the ratepayer’s property insurance and the value of encumbrances against the property, including mortgages and loans.

Remission of accommodation provider targeted rate

Objectives

The objective of this scheme is to promote fairness in the application of the Accommodation provider targeted rate by allowing the council to remit the rate in circumstances where it is equitable to do so.

Criteria and conditions

The council may remit the accommodation provider targeted rate, where the application meets one of the following criteria:
1. The ratepayer owns no more than two rating units that attract the Accommodation provider targeted rate, and which are under contract to be used as serviced apartments, and where the applicant can demonstrate that they have
   a. entered into a contractual arrangement regarding the use of the rating unit as commercial accommodation prior to 1 June 2017
   b. no contractual or relational/negotiating means of managing the additional costs of the rate
   c. no ability to exit, terminate or renegotiate the contract prior to the start of the rating year in which remission is applied for.

2. Where the applicant has contracted some or all of their commercial accommodation capacity to Work and Income New Zealand or other central government agency for the purpose of emergency housing.

**Amount of rate to be remitted**

For remissions granted under criterion 1 of this scheme:
- 100 per cent of the Accommodation provider targeted rate for the qualifying rating units in 20018/2019, with the amount of remission declining in equal steps until 2027/2028 when 10 per cent of the Accommodation provider targeted rate will be remitted. This remission scheme will expire on 30 June 2028.
- the amount of remission will be reduced on a proportional basis where the applicant is able to exit, terminate or renegotiate the contract during the rating year.

For remissions granted under criterion 2 of this scheme:
- A proportion of the Accommodation provider targeted rate calculated as follows:

\[
\text{Number of rooms or units under contract} \times \text{number days under contract} \div \text{Total number of rooms or units in motel or hotel} \times 365
\]

**Part 2 - Addressing anomalies in schemes**

**Remission of rates for miscellaneous purposes**

**Objectives**

The objective of this scheme is to enable the council to remit rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.

**Conditions and criteria**

The council may remit rates on a rating unit where it considers it just and equitable to do so because:

1. There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the unit’s rates are disproportionate to those assessed for comparable rating units.
2. The circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the council’s other rates remission policies, but are not actually covered by any of those policies.

3. There are exceptional circumstances that the council believes that it is equitable to remit the rates. The council has the final discretion to decide whether to grant a rates remission under this policy.

Remission of uniform annual general charges and targeted rates levied as fixed charges on rating units

Objectives

The objective of this scheme is to promote fairness in the application of rating by allowing the council to remit fixed charges in circumstances where it is equitable to do so.

Conditions and criteria

The council may remit uniform annual general charges and targeted rates levied as fixed charges, where the application meets one of the following criteria:

1. The rating unit is used solely for vehicle parking in conjunction with a building on a rating unit in the same ownership, and no car parking is available on the main property.
2. The rating unit is used jointly with one or more units as a single farm or horticultural entity and the group of rating units would otherwise be treated as a single rating unit, except that:
   a. the units are not strictly contiguous (for example, a farm run-off block),
   b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
3. The rating unit is Māori land used jointly with one or more Māori land units as a single entity and the group of rating units would otherwise be treated as a single rating unit, except that:
   a. the units are not strictly contiguous
   b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
4. The rating unit is classed by the council as a remote island that is uninhabitable or cannot be used for any practical use.

A remission will not apply to any rate that is levied for:
   a. separate residential dwelling or business located on the rating unit
   b. service actually provided to the rating unit.

Owners wishing to claim a remission under this policy may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this policy.

Part 3 - Other schemes

Postponement of rates for land described as Lot 2 DP 476554 or Lot 2 DP 510763

Objectives
To provide continued relief for three years to the two rating units that had rates postponed under the former Auckland Council rates postponement scheme “Postponement of rates for sports clubs in the district of the former Manukau City Council”.

Postponement had previously been granted to sports clubs where the rateable value of land that was owned and used for sports was significantly attributable to potential residential development or subdivision. Postponement of rates will not be available to any other land under this scheme.

Conditions and criteria

1. For the purposes of this scheme
   a. ‘sports’ means any organised outdoor sport but excludes horse or dog racing of any kind and ‘sporting’ has a corresponding meaning
   b. to be eligible the land used for sports must not be less than 5 hectares and must be part of the land described as Lof 2 DP 476554 or Lof 2 DP 510763
2. The rates postponement value is to be determined:
   a. so as to exclude any potential value that, at the date of valuation, the rating unit may have for non-sporting uses
   b. so as to preserve the uniformity and equitable relativity with comparable parcels of land within the district of the former Manukau City Council and used for sporting purposes, the values of which do not contain any such potential value
3. There will be no right of objection to the rates postponement value determined under clause 2(a) and (b), except to the extent that it is proved that the rates postponement value does not preserve uniformity with existing District Valuation roll values for comparable rating units (used for sporting purposes) within the district of the former Manukau City Council having no potential value for non-sporting development.
4. Where a rates postponement value has been determined, the payment of rates will be deemed to have been postponed for the portion of the rates for any rating period of an amount equal to the difference between the amount of the rates for that period calculated according to the rateable value of the rating unit and the amount of the rates that would be payable for that period if the rates postponement value of the rating unit were its rateable value.
5. All rates whose payment has been postponed under this scheme will become due and payable immediately:
   a. on the rating unit ceasing to be used for sporting purposes
   b. where the ratepayer parts with possession of the rating unit or assigns or attempts to assign the rating unit in any way or for any purpose other than the giving of security for funds intended to be used for the further development of the rating unit for sporting purposes
   c. where the rating unit or part of the rating unit is developed for any purpose other than sports
6. The postponement will generally apply from the beginning of the rating period in which the rate postponement value is determined.
7. Postponed rates will be registered as a statutory land charge on the title of the rating unit.
8. The council will add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council’s administration and financial costs (an annual interest rate to be set by the council).
9. No further rates may be postponed under this scheme after 30 June 2021.
Delegation of decision-making

Decisions relating to the remission or postponement of rates payments will be made by council officers.

Adoption and amendment of this policy

The council must use the special consultative procedure set out in the LGA 2002 to adopt and amend this policy.
Attachment F: Local Board Feedback on the Legacy rates remission and postponement policies

Summary

The local boards were split between supporting the option to replace the legacy schemes with grants (eight boards) and wanting to retain the existing schemes (eight boards, plus one further board which supports either retention or a regional scheme). Seven of the boards that support retention also wanted to consider options for a regional remission scheme.

Of the nine boards that support retention, six have a legacy local council scheme for community and sporting activities. Properties in these board areas receive $350,000 (85 per cent) of the local community and sporting rates remissions granted.

The boards supporting retention of remissions were concerned that the grants option proposed:
- does not address the existing inequities between board areas in how community and sports facilities are supported by council
- lacked certainty regarding ongoing funding
- does not integrate with the draft Sports Facility Investment Plan.

Council support for local community and sporting facilities varies between boards depending on the policies of the former councils. In some areas community and sports facilities are often located on council land and supported by community leases. In other areas such facilities are usually owned directly by a community or sporting organisation. These organisations received varying levels of support from the previous councils, through mechanisms such as contracts for services, grants and rates remissions.

Officers have acknowledged local board concerns regarding the ongoing funding for community and sports facilities in those board areas where a greater proportion of such facilities are community owned and supported with rates remissions. Addressing the issue of regional equity for funding local community and sports facilities is outside the scope of the review of the Rates remission and postponement policy. As was noted by some boards, this issue needs to be considered alongside the council’s wider reviews of funding for plans for community and sports facilities, such as the development of the Sports Facility Investment Plan.

In response to this feedback officers have modified the recommend option so that remissions classed as local transferred to a new local asset based grants budget rather than the LDI budget. Officers will also report on the integration of the legacy grants with the council’s investment strategies for sports and community facilities, including the Sports Facility Investment Plan within the three year transition.
Local Board feedback - Preferred Options:

<table>
<thead>
<tr>
<th>Option</th>
<th>No of boards supporting</th>
<th>Boards Supporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Replace with grants</td>
<td>8</td>
<td>Albert-Eden, Henderson-Massey, Māngere-Ōtāhuhu, Ōrākei, Ītāra-Papatoetoe, Puketāpapa, Waitemata, Whau</td>
</tr>
<tr>
<td>2. Retain current remissions and postponement schemes</td>
<td>8</td>
<td>Devonport-Takapuna, Hibiscus and Bays, Howick, Kaipātiki, Manurewa, Papakura, Rodney, Upper Harbour</td>
</tr>
<tr>
<td>3. Expand into regional remission and postponement scheme</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>4. Remove schemes with no replacement</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>5. Supports grants in principle but require more information before agreeing this approach. In interim supports either retaining current remissions with greater local control or development of a consistent regional remission policy</td>
<td>1</td>
<td>Franklin</td>
</tr>
<tr>
<td>6. Want options for a regional remission scheme to be considered</td>
<td>7</td>
<td>Devonport-Takapuna, Franklin, Hibiscus and Bays, Kaipātiki, Manurewa, Rodney, Upper Harbour</td>
</tr>
<tr>
<td>7. Supports feedback of the other boards</td>
<td>1</td>
<td>Waiheke</td>
</tr>
<tr>
<td>Board chose not to give feedback at this time</td>
<td>2</td>
<td>Great Barrier, Maungakiekie-Tāmaki</td>
</tr>
<tr>
<td>Delegated feedback not yet received</td>
<td>1</td>
<td>Waitakere Ranges</td>
</tr>
</tbody>
</table>
Other Feedback provided:

<table>
<thead>
<tr>
<th>Feedback</th>
<th>No of boards supporting</th>
<th>Boards Supporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options do not address equity issues</td>
<td>6</td>
<td>Devonport-Takapuna Hibiscus and Bays Kaipātiki</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manurewa</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rodney</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Upper Harbour</td>
</tr>
<tr>
<td>Request options for regional remissions scheme</td>
<td>7</td>
<td>Devonport-Takapuna</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Franklin</td>
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<tr>
<td></td>
<td></td>
<td>Hibiscus and Bays Kaipātiki</td>
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<td></td>
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<td>Manurewa</td>
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<td></td>
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<td>Rodney</td>
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<tr>
<td></td>
<td></td>
<td>Upper Harbour</td>
</tr>
<tr>
<td>Lack of certainty regarding ongoing funding</td>
<td>6</td>
<td>Devonport-Takapuna</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hibiscus and Bays Kaipātiki</td>
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<td></td>
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<td>Manurewa</td>
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<td></td>
<td></td>
<td>Rodney</td>
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<tr>
<td></td>
<td></td>
<td>Upper Harbour</td>
</tr>
<tr>
<td>Grants supported if easy process for community to apply for grants to pay rates</td>
<td>1</td>
<td>Puketāpapa</td>
</tr>
<tr>
<td>Requests more information on how grants will be integrated into LB Funding Policy</td>
<td>2</td>
<td>Puketāpapa Whau</td>
</tr>
<tr>
<td>Request communication plan</td>
<td>1</td>
<td>Papakura</td>
</tr>
<tr>
<td>Requires more info on the level of remission currently granted</td>
<td>1</td>
<td>Franklin</td>
</tr>
<tr>
<td>Requires clarification whether future grants pool will cover remissions for rates increases and new sporting or community organisations.</td>
<td>1</td>
<td>Franklin</td>
</tr>
<tr>
<td>Could adopt an interim approach, retaining existing remissions but with oversight from local boards</td>
<td>1</td>
<td>Franklin</td>
</tr>
<tr>
<td>Wants remissions considered alongside other forms of council support such as community leases to ensure equity</td>
<td>1</td>
<td>Franklin</td>
</tr>
<tr>
<td>All legacy remissions and postponements including those classed as regional are local and should transfer to local board grants</td>
<td>1</td>
<td>Albert-Eden</td>
</tr>
<tr>
<td>Seeks clarification on the transition process to ensure local board discretionary funding equity following the three-year period.</td>
<td>1</td>
<td>Waitemata</td>
</tr>
<tr>
<td>Supports the feedback provided by other boards</td>
<td>1</td>
<td>Waiheke</td>
</tr>
<tr>
<td>Does not support transition of the regional heritage (covenanted land) remissions into a regional grant programme, in particular covenants under the Queen Elizabeth II National Trust Act.</td>
<td>1</td>
<td>Waiheke</td>
</tr>
</tbody>
</table>
**Local Board**

**Albert-Eden**

That the Albert-Eden Local Board:

a) Supports option 1 to address the legacy council remission and postponement schemes which is to integrate remissions and postponements with grants schemes with three year transition (excluding the Manukau postponement scheme for sports clubs).

b) Requests that the regional and local legacy remissions and postponements funding be moved to local grant budgets as all the groups identified are local in nature and should therefore be governed by local boards.

**Devonport-Takapuna**

That the Devonport-Takapuna Local Board:

a) does not support the officer recommended Option one, to integrate with the contestable grants scheme due to the following concerns:

   i. there is no assurance to local boards that the funding provided to local boards is increased in line with rates increases so that the proportion of rates relief available to eligible parties also increases and is commensurate.

   ii. the current remission scheme is inequitable because not all former legacy council areas had such a scheme in place and integrating this with the contestable grants scheme does not address this inequity.

b) considers that the recommended option one does not address outstanding equity issues because:

   i. where community halls and other facilities are owned and maintained by local communities they provide a service to the community without cost to council.

   ii. the current remissions policy goes a small way to address the differential between community operated facilities and those facilities that are fully council funded in other areas, by providing rates relief to communities who would otherwise receive no funding; this is fair given the service the community operated facilities provide.

   iii. adjusting the remissions policy to require that groups apply for an annual grant is inequitable in light of the funding available in other areas, and worsens the situation instead of improving it by removing the certainty for communities and making their funding subject to annual decision making.

   iv. if the equity issues are to be properly addressed, all community halls and other facilities which rely on rates remissions should be fully funded on the same basis as those halls and facilities in other legacy council areas.

c) requests an additional option be investigated for the development of a region-wide scheme, which may have some local decision-making, that supports community and
sporting organisations and natural and historic heritage assets as all current options identified seek to deal with legacy schemes rather than setting a holistic policy to achieve agreed outcomes through this investment.

d) supports option two in the interim to retain the legacy remission and postponement schemes (status quo) until further investigation is undertaken on the option of a region-wide scheme, noting the following comments:

i. Section 98 of the Auckland Council Community Grants Policy states that rates rebates, rates remissions and rates postponements are out of scope for the Community Grants Policy.

ii. the grant system being suggested is only for a three year period which means that there is no certainty for those community groups owning and operating halls that the arrangement would continue beyond that three year period

iii. the proposal states “this will be smoothed over time by the Local Board Funding Policy” but it is unclear how legacy areas where the rates remission type of arrangement was in place will be impacted or affected in the future and how this improves upon current inequities.

iv. the limitations with the Smarty Grants system already has many community groups expressing concerns on how onerous it can be to apply for a grant and the local board expresses its concern regarding the use of this process for rates remissions.

v. there are unresolved concerns that have been raised previously by the northern local boards regarding funding gaps identified for community houses, community centres and art facilities due to inequitable levels of funding and the use of local board’s operational Locally Driven Initiatives budget to fund these centres whereas in other areas funding is provided through Asset Based Services funding is not adequately provided.

vi. it is unclear whether this Rates Remission and Postponement Policy Review is taking into account the Sports Facility Investment Plan, which is looking to take a systematic approach to regional investment in a network of sport facilities and moving away from any ad hoc and inconsistent investment across legacy councils and as the draft Sports Facility Investment Plan looks for increased revenue opportunities while moving away from removal of rates remissions and postponements.

Franklin
That the Franklin Local Board:

a) delegate authority to the local board chair and deputy chair to provide feedback on the options to address the legacy council rates remission and postponement schemes;

Franklin Local Board submits the following feedback on the options to address the legacy council rates remission and postponement schemes:

a) Franklin Local Board generally supports the principle of a move from legacy rates remissions to local grants, as recommended by officers. This is because it offers more
public transparency around funding support for sporting and community organisations.

b) The information provided to date does not give a clear picture of why some organisations are getting a lower remission amount by percentage than others, when they are all subject to a remission value of ‘50% to 100%’. More detail is needed on current variances, so that the local board can gain a fuller understanding of the future impact of moving to an LDI funded grant scheme, before a decision is made.

c) Clarification is required of whether any future grants pool can be expanded to cover remissions for rates increases and new sporting or community organisations. The outcome of that could impact on the board’s Locality Driven Initiative fund, requiring further prioritisation of funding between activities and projects. Guidance would be required in regard to development of policy wording to ensure Local Boards do not put themselves in difficult situations when managing a potential increase in applications for a remission grant.

d) Until the further information sought at clauses b) and c) can be provided, an interim approach could be to develop an ‘enhanced status quo’ option, which incorporates local input based on members’ up to date knowledge of sites and clubs. This will even out current discrepancies prior to moving to a local grants based scheme.

e) An Auckland wide policy on what organisations and groups are eligible would help to achieve a consistent approach.

f) There is concern that the current policy approach is inequitable for some organisations, when considered holistically with other council schemes and mechanisms. A move to a grants based scheme should also be considered alongside community leases to sporting and community organisations.

**Great Barrier**

That the Great Barrier Local Board:

a) receive the local board feedback on rates remission and postponement policy review report and note that the board will not be providing feedback at this stage.

**Henderson-Massey**

That the Henderson-Massey Local Board:

a) supports option 1 - integrate remissions and postponements with grants schemes with three year transition (excluding the Manukau postponement scheme for sports clubs) to align with practice in the Henderson-Massey local board area.

**Hibiscus and Bays**

That the Hibiscus and Bays Local Board provides the following feedback on the options to address the legacy council rates remission and postponement policy review:

a) does not support the recommended Option One, to integrate with the contestable grants scheme due to the following concerns:

i. there is no assurance to local boards that the funding provided to local boards through the grant scheme will be increased in line with rates increases so that the proportion of rates relief available to eligible parties will also increases and be commensurate.

ii. the current remission scheme is inequitable because not all former legacy council areas had a scheme in place and integrating this with the contestable grants scheme does not address this inequity.

b) considers that the recommended Option One does not address outstanding equity issues because:

i. where community halls and other facilities are owned and maintained by local communities, they provide a service to the community without cost to council.

ii. the current remissions policy goes a small way to address the differential between community operated facilities and those facilities that are fully council funded in other areas, by providing rates relief to communities who would otherwise receive no funding; this is fair given the service the community operated facilities provide.

iii. adjusting the remissions policy to require that groups apply for an annual grant is
inequitable in light of the funding available in other areas, and worsens the situation instead of improving it by removing the certainty for communities and making their funding subject to annual decision-making.

iv. if the equity issues are to be properly addressed, all community halls and other facilities, which rely on rates remissions, should be fully funded on the same basis as those halls and facilities in other legacy council areas.

c) request an additional option be investigated for the development of a region-wide scheme, which may have some local decision-making, that supports community and sporting organisations and natural and historic heritage assets as all current options identified seek to deal with legacy schemes rather than setting a holistic policy to achieve agreed outcomes through this investment.

d) supports option two in the interim to retain the legacy remission and postponement schemes (status quo) until further investigation is undertaken on the option of a region-wide scheme, noting the following comments:

i. section 98 of the Auckland Council Community Grants Policy states that rates rebates, rates remissions and rates postponements are out of scope for the Community Grants Policy.

ii. the grant system being suggested is only for a three-year period which means that there is no certainty for those community groups owning and operating halls that the arrangement would continue beyond that three year period.

iii. the proposal states “this will be smoothed over time by the Local Board Funding Policy” but it is unclear how legacy areas where the rates remission type of arrangement was in place will be impacted or affected in the future and how this improves upon current inequities.

iv. the limitations with the Smarty Grants system already has many community groups expressing concerns on how onerous it can be to apply for a grant and the local board expresses its concern regarding the use of this process for rates remissions.

v. reiterates concerns raised previously by the northern local boards that they are either forced to use Locally Driven Initiatives budgets to fill gaps in funding for community houses, centres and facilities, or going without and leaving community assets unfunded, where other legacy areas are fully funded via Assets Based Services funding.

vi. it is unclear whether this Rates Remission and Postponement Policy Review is taking into account the Sports Facility Investment Plan, which is looking to take a systematic approach to regional investment in a network of sport facilities and moving away from an ad hoc and inconsistent investment across legacy councils and as the draft Sports Facility Investment Plan looks for increased revenue opportunities while moving away from removal of rates remissions and postponements.

e) supports an option to develop a holistic region-wide policy to address rates remissions and postponements to reconcile the current legacy arrangements.

f) notes that the responsibility for the administration of the rates remission and postponement policy implementation is not clear as it sits outside local board decision making.

g) agree that attachment D to the agenda report remain confidential.

**Howick**

resolve to retain the status quo (Option 2), that legacy remission and postponements schemes continue unchanged.

**Kaipātiki**

That the Kaipātiki Local Board:

a) does not support the recommended option one, to integrate with the contestable grants scheme due to the following concerns:

i. there is no assurance to local boards that the funding provided to local boards through the grant scheme will be increased in line with rates increases so that the proportion of rates relief available to eligible parties also increases and is commensurate; and
ii. the current remission scheme is inequitable because not all former legacy council areas had such a scheme in place and integrating this with the contestable grants scheme does not address this inequity.

b) considers that the recommended option one does not address outstanding equity issues because:

i. where community halls and other facilities are owned and maintained by local communities they provide a service to the community without cost to council;

ii. the current remissions policy goes a small way to address the differential between community operated facilities and those facilities that are fully council funded in other areas, by providing rates relief to communities who would otherwise receive no funding; this is fair given the service the community operated facilities provide;

iii. adjusting the remissions policy to require that groups apply for an annual grant is inequitable in light of the funding available in other areas, and worsens the situation instead of improving it by removing the certainty for communities and making their funding subject to annual decision making; and

iv. if the equity issues are to be properly addressed, all community halls and other facilities which rely on rates remissions should be fully funded on the same basis as those halls and facilities in other legacy council areas.

c) request an additional option be investigated for the development of a region-wide scheme, which may have some local decision-making, that supports community and sporting organisations and natural and historic heritage assets as all current options identified seek to deal with legacy schemes rather than setting a holistic policy to achieve agreed outcomes through this investment.

d) support option two in the interim to retain the legacy remission and postponement schemes (status quo) until further investigation is undertaken on the option of a region-wide scheme, noting the following comments:

i. section 98 of the Auckland Council Community Grants Policy states that rates rebates, rates remissions and rates postponements are out of scope for the Community Grants Policy.

ii. the grant system being suggested is only for a three year period which means that there is no certainty for those community groups owning and operating halls that the arrangement would continue beyond that three year period.

iii. the proposal states “this will be smoothed over time by the Local Board Funding Policy” but it is unclear how legacy areas where the rates remission type of arrangement was in place will be impacted or affected in the future and how this improves upon current inequities.

iv. the limitations with the Smarty Grants system already has many community groups expressing concerns on how onerous it can be to apply for a grant and the local board expresses its concern regarding the use of this process for rates remissions.

v. there are unresolved concerns that have been raised previously by the northern local boards regarding funding gaps identified for community houses, community centres and art facilities due to inequitable levels of funding and the use of local board’s operational Locally Driven Initiatives budget to fund these centres where Asset Based Services funding is not adequately provided.

vi. it is unclear whether this Rates Remission and Postponement Policy Review is taking into account the Sports Facility Investment Plan, which is looking to take a systematic approach to regional investment in a network of sport facilities and moving away from an ad hoc and inconsistent investment across legacy councils and as the draft Sports Facility Investment Plan looks for increased revenue opportunities while moving away from removal of rates remissions and postponements.

e) request the governing body form a political working party made up of governing body and...
local board members to review the policy and recommend an equitable way forward.

<table>
<thead>
<tr>
<th>Māngere-Ōtāhuhu</th>
</tr>
</thead>
<tbody>
<tr>
<td>That the Māngere-Ōtāhuhu board:</td>
</tr>
<tr>
<td>a) support option 1, to integrate remissions and postponements with grants schemes with three-year transition.</td>
</tr>
<tr>
<td>b) further give the following comments noting:</td>
</tr>
<tr>
<td>- that option 1 will allow for equity, transparency and local governance oversight.</td>
</tr>
<tr>
<td>- the board are interested to receive information and analysis following public consultation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manurewa</th>
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</thead>
<tbody>
<tr>
<td>That the Manurewa Local Board:</td>
</tr>
<tr>
<td>a) does not support the recommended option one, to integrate with the contestable grants scheme due to the following concerns:</td>
</tr>
<tr>
<td>i) there is no assurance to local boards that the funding provided to local boards through the grant scheme will be increased in line with rates increases so that the proportion of rates relief available to eligible parties also increases and is commensurate.</td>
</tr>
<tr>
<td>ii) the current remission scheme is inequitable because not all former legacy council areas had such a scheme in place and integrating this with the contestable grants scheme does not address this inequity.</td>
</tr>
<tr>
<td>b) considers that the recommended option one does not address outstanding equity issues because:</td>
</tr>
<tr>
<td>i) where community halls and other facilities are owned and maintained by local communities they provide a service to the community without cost to the council</td>
</tr>
<tr>
<td>ii) the current remissions policy goes a small way to address the differential between community operated facilities and those facilities that are fully council funded in other areas, by providing rates relief to communities who would otherwise receive no funding; this is fair given the service the community operated facilities provide.</td>
</tr>
<tr>
<td>iii) adjusting the remissions policy to require that groups apply for an annual grant is inequitable in light of the funding available in other areas, and worsens the situation instead of improving it by removing the certainty for communities and making their funding subject to annual decision making.</td>
</tr>
<tr>
<td>iv) if the equity issues are to be properly addressed, all community halls and other facilities which rely on rates remissions should be fully funded on the same basis as those halls and facilities in other legacy council areas.</td>
</tr>
<tr>
<td>c) request an additional option be investigated for the development of a region-wide scheme, which may have some local decision-making, that supports community and sporting organisations and natural and historic heritage assets as all current options identified seek to deal with legacy schemes rather than setting a holistic policy to achieve agreed outcomes through this investment.</td>
</tr>
<tr>
<td>d) support option two in the interim to retain the legacy remission and postponement schemes (status quo) until further investigation is undertaken on the option of a region-wide scheme, noting the following comments:</td>
</tr>
<tr>
<td>i) section 98 of the Auckland Council Community Grants Policy states that rates rebates, rates remissions and rates postponements are out of scope for the Community Grants Policy.</td>
</tr>
</tbody>
</table>
ii) the grant system being suggested is only for a three year period which means that there is no certainty for those community groups owning and operating halls that the arrangement would continue beyond that three year period.

iii) the proposal states “this will be smoothed over time by the Local Board Funding Policy” but it is unclear how legacy areas where the rates remission type of arrangement was in place will be impacted or affected in the future and how this improves upon current inequities.

iv) the limitations with the Smarty Grants system already has many community groups expressing concerns on how onerous it can be to apply for a grant and the local board expresses its concern regarding the use of this process for rates remissions.

v) it is unclear whether this Rates Remission and Postponement Policy Review is taking into account the Sports Facility Investment Plan, which is looking to take a systematic approach to regional investment in a network of sport facilities and moving away from an ad hoc and inconsistent investment across legacy councils. At the same time the draft Sports Facility Investment Plan looks for increased revenue opportunities while moving away from removal of rates remissions and postponements.

Maungakiekie-Tāmaki
That the Maungakiekie-Tāmaki Local Board:

a) receives the rates remission and postponement policy review report;

b) support review of legacy arrangements to ensure transparency and looks forward to giving a formal view in May 2018.

Ōrākei
That the Ōrākei Local Board agrees that Option One; that the legacy schemes be replaced with grants as its preferred option to address the legacy council remission and postponement schemes.

Ōtara-Papatoetoe
That the Ōtara-Papatoetoe Local Board:

a) support option 1, to integrate remissions and postponements with grants schemes with three-year transition.

b) request information and analysis of the feedback received from public consultation on this proposal.

Papakura
That the Papakura Local Board:

a) resolve to retain the status quo (option 2), that legacy council rates remission and postponement schemes continue unchanged.

b) request staff to prepare a communication plan about any proposed changes to the rates remission and postponement schemes.

Puketāpapa
That the Puketāpapa Local Board:

in principle supports Option 1, pending further development of this option, in particular, an easy process for community organisations to apply for grants to cover the cost of rates and understanding how the remission funding will be integrated into the local board funding formula.
That the Rodney Local Board:

a) provide the following feedback on the options to address the legacy council remission and postponement schemes:

i) does not support the recommended option one, to integrate with the contestable grants scheme due to the following concerns:

a) it is not the local board’s role to be involved in rating and rates remissions; this is best dealt with consistently at a regional level.

b) if administered through the grant scheme there is no assurance to local boards that the funding provided to local boards is increased in line with rates increases so that the proportion of rates relief available to eligible parties also increases and is commensurate.

c) consider that the current remission scheme is inequitable because not all former legacy council areas had such a scheme in place and integrating this with the contestable grants scheme does not address this inequity.

d) considers that the proposed option one does not address outstanding equity issues because:

i) where community halls and other facilities are owned and maintained by local communities they provide a service to the community without cost to council

ii) the current remissions policy goes a small way to address the differential between community operated facilities and those facilities that are fully council funded in other areas, by providing rates relief to communities who would otherwise receive no funding; this is fair given the service the community operated facilities provide

iii) adjusting the remissions policy to require that groups apply for an annual grant is inequitable in light of the funding available in other areas, and worsens the situation instead of improving it by removing the certainty for communities and making their funding subject to annual decision making.

iv) if the equity issues are to be properly addressed, all community halls and other facilities, which rely on rates remissions, should be fully funded on the same basis as those halls and facilities in other legacy council areas.

ii) supports Option 2 to retain the legacy remission and postponement schemes (status quo) and provide the following comments:

a) Section 98 of the Auckland Council Community Grants Policy states that rates rebates, rates remissions and rates postponements are out of scope for the Community Grants Policy.

b) The grant system being suggested is only for a three year period which means that there is no certainty for those community groups owning and operating halls that the arrangement would continue beyond that three year period.

c) The proposal states ‘this will be smoothed over time by the Local Board Funding Policy’ but it is unclear how legacy areas where the rates remission type of arrangement was in place will be impacted or affected in the future and how this improves upon current inequities.
d) The limitations with the Smarty Grants system already has many community groups expressing concerns on how onerous it can be to apply for a grant and the local board expresses its concern regarding the use of this process for rates remissions.

e) The local board reiterates concerns raised previously by the northern local boards that they are either forced to use Locally Driven Initiatives budgets to fill gaps in funding for community houses, centres and facilities, or going without and leaving community assets unfunded, where other legacy areas are fully funded via Assets Based Services funding.

f) The draft Sports Facility Investment Plan is looking for increased revenue opportunities while moving away from rates remissions and postponements. It is requested that the Rates Remission and Postponement Policy Review take this into account.

   iii) supports an option to develop a holistic region-wide policy to address rates remissions and postponements to reconcile the current legacy arrangements.

### Upper Harbour

That the Upper Harbour Local Board:

a) does not support the recommended option one, to integrate with the contestable grants scheme due to the following concerns:

   i. there is no assurance to local boards that the funding provided to local boards through the grant scheme will be increased in line with rates increases so that the proportion of rates relief available to eligible parties also increases and is commensurate.

   ii. the current remission scheme is inequitable because not all former legacy council areas had such a scheme in place and integrating this with the contestable grants scheme does not address this inequity.

b) considers that the recommended option one does not address outstanding equity issues because:

   i. where community halls and other facilities are owned and maintained by local communities they provide a service to the community without cost to council

   ii. the current remissions policy goes a small way to address the differential between community operated facilities and those facilities that are fully council funded in other areas, by providing rates relief to communities who would otherwise receive no funding; this is fair given the service the community operated facilities provide

   iii. adjusting the remissions policy to require that groups apply for an annual grant is inequitable in light of the funding available in other areas, and worsens the situation instead of improving it by removing the certainty for communities and making their funding subject to annual decision making

   iv. if the equity issues are to be properly addressed, all community halls and other facilities which rely on rates remissions should be fully funded on the same basis as those halls and facilities in other legacy council areas.

c) request an additional option be investigated for the development of a region-wide scheme, which may have some local decision-making, that supports community and sporting organisations and natural and historic heritage assets as all current options identified seek to deal with legacy schemes rather than setting a holistic policy to achieve agreed outcomes through this investment.
d) support option two in the interim to retain the legacy remission and postponement schemes (status quo) until further investigation is undertaken on the option of a region-wide scheme, noting the following comments:

i. section 98 of the Auckland Council Community Grants Policy states that rates rebates, rates remissions and rates postponements are out of scope for the Community Grants Policy.

ii. the grant system being suggested is only for a three year period which means that there is no certainty for those community groups owning and operating halls that the arrangement would continue beyond that three year period.

iii. the proposal states “this will be smoothed over time by the Local Board Funding Policy” but it is unclear how legacy areas where the rates remission type of arrangement was in place will be impacted or affected in the future and how this improves upon current inequities.

iv. the limitations with the Smarty Grants system already has many community groups expressing concerns on how onerous it can be to apply for a grant and the local board expresses its concern regarding the use of this process for rates remissions.

v. there are unresolved concerns that have been raised previously by the northern local boards regarding funding gaps identified for community houses, community centres and art facilities due to inequitable levels of funding and the use of local board’s operational Locally Driven Initiatives budget to fund these centres where Asset Based Services funding is not adequately provided.

vi. it is unclear whether this Rates Remission and Postponement Policy Review is taking into account the Sports Facility Investment Plan, which is looking to take a systematic approach to regional investment in a network of sport facilities and moving away from an ad hoc and inconsistent investment across legacy councils and as the draft Sports Facility Investment Plan looks for increased revenue opportunities while moving away from removal of rates remissions and postponements.

**Waiheke**

That the Waiheke Local Board:

a) delegate to Chairperson P Walden and Member J Meeuwsen to provide feedback on the options to address the legacy council remission and postponement schemes.

Delegated Feedback Received:

The Waiheke Local Board supports the feedback provided by other boards but in particular does not support transition of the regional heritage (covenanted land) remissions into a regional grant programme, in particular covenants under the Queen Elizabeth II National Trust Act.

Chairperson P Walden and Board member J Meeuwsen

On behalf of the Waiheke Local Board

22 December 2017

**Waitākere Ranges**

That the Waitākere Ranges Local Board:

a) receive the LB feedback on Rates remission and postponement policy review report
b) delegate to Deputy Chair and Member Coney for feedback

### Waitematā

That the Waitematā Local Board:

a) support Option 1 that the legacy rates remission schemes be replaced by grants for a period of three years.

b) seek clarification on the transition process to resume local board discretionary funding equity following the three-year period.

### Whau

That the Whau Local Board:

a) Option one – Integrate remissions and postponements with grants schemes with three year transition (excluding the Manukau postponement scheme for sports clubs)
Value for Money (s17A) Review implementation and progress update

Te take mō te pūrongo / Purpose of the report
1. To provide an update on the implementation of the recommendations for the value for money (s17A) programme arising from the first four completed reviews.
2. To identify the intended actions for these reviews, and where required request funding for the implementation of those actions.

Whakarāpopototanga matua / Executive summary
3. In March 2017 the Finance and Performance Committee endorsed a value for money programme for the council group including approval to undertake the first four value for money (s17A) reviews. The first four reviews were Three Waters, Domestic Waste Services, Communication & Engagement Services, and the Investment Attraction & Global Partnerships.
4. The programme delivers on the requirement on local government, in s17A of the Local Government Act 2002, to review the cost-effectiveness (or value) of current arrangements including a consideration of options for the governance, funding, and delivery of infrastructure, services.
5. In November 2017 the first four reviews were completed. The Finance and Performance Committee endorsed the reports and resolved to:
   f) refer the four value for money (s17A) reports to the Chief Executive and request that he develops, in consultation with the Chief Executives of the relevant Council Controlled Organisations (CCOs), detailed work programmes and business cases supporting the implementation of the recommendations noted in each report for inclusion, where appropriate, in the 2018 – 2028 LTP process.
   g) request that the Chief Executive reports on the feasibility and time frame for implementation of the recommendations noted in the four Value for Money (s17A) reports stated in b) to e) above to the Finance and Performance Committee at the meeting on or before Tuesday 27 February 2018.
6. The purpose of this report is to report on the feasibility and time frame for implementation of the recommendations and, more generally, to report on implementation progress.
7. Twenty-three action areas have been identified to support the twenty-eight recommendations made in the reviews. Respective business managers across the group have developed implementation plans for these actions and the various appendices to this report provide information on each review area, how these actions will be implemented and current progress. These areas may change as the work is further scoped or developed, feasibility work is completed, and dependencies are refined. Therefore, the completion dates in particular and the sequencing of work in the overarching programme is indicative.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:

a) receive the progress updates for the value for money reviews on Three Waters Review, Domestic Waste Services Review, Communication & Engagement Services Review, and the Investment Attraction & Global Partnerships Review.
Auckland Waters (Three Waters Review)

b) note that the Auckland’s Waters Strategy will incorporate the Three Waters Strategy and Policy recommended through the S17A review.

c) note that the Auckland’s Waters Strategy will be developed by June 2019 by Auckland Council, working collaboratively with Watercare, Auckland Transport, New Zealand Transport Agency and other relevant parties.

d) note that a joint working team has been established to progress the findings of the S17A review relating to joint procurement, capital planning, and operations and maintenance. Anticipated savings and an action plan for achieving these will be provided to the Finance and Performance Committee in May 2018.

e) note that a business case evaluating outsourcing of stormwater operations and maintenance from Auckland Council to Watercare will be developed.

f) note that recommendations relating to economic regulation, the operating model for all water services and consolidation of environmental regulation will be progressed post-completion of the Auckland’s Water’s Strategy. These will also be informed by the central government Three Waters Review.

Domestic Waste Services Review

g) note that the strategic actions arising from the Domestic Waste: Value for Money (S17A) Review have been included in the draft Waste Management and Minimisation Plan 2018 and will be implemented once the plan is approved (subject to public feedback).

h) note that the final Waste Management and Minimisation Plan 2018 will be presented to the Environment and Community Committee for approval by June 2018.

i) approve additional budget of $350,000 operational expenditure to fund an independent review of the value and options for Auckland Council’s ownership of key waste assets and services.

j) note that a report back on the results of this review and an update on the other actions arising from the Domestic Waste: Value for Money (S17A) Review will be reported to the Finance and Performance Committee in November 2018.

k) note that the S17A recommendation to develop materials supporting community groups and businesses to apply to the central government Waste Minimisation Fund will not be completed, as this would duplicate Ministry for the Environment resources.

Ngā tāpirihanga / Attachments

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Ngā kaihaina / Signatories

<table>
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<tr>
<th>Authors</th>
<th>Sally Garrett, Programme Manager, Value For Money</th>
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<tbody>
<tr>
<td>Authorisers</td>
<td>Kevin Ramsay - General Manager Corporate Finance and Property</td>
</tr>
<tr>
<td></td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
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Response to the Three Waters: Value for Money (S17A) Review 2017

Te take mō te pūrongo / Purpose of the report

1. To note an update on progress on responding to the recommendations of the Three Waters Value for Money (S17A) Review 2017.

Whakarāpopototanga matua / Executive summary

2. In November 2017, the Finance and Performance Committee received and approved the recommendations of the Three Waters: Value for Money (S17A) Review 2017 (resolution number FIN/2017/153).

3. The Three Waters (S17A) review set a cost savings target of $300 million over ten years and recommended greater integration of water services between Auckland Council and Watercare to achieve this.

4. Auckland Council, Watercare and Auckland Transport are working collaboratively to deliver these cost savings across the council group.

5. The S17A review made ten specific recommendations. The recommended approach to each of these is summarised in Table One below. Some require a strategic response and others an operational response.

Strategic Response

6. The first recommendation of the S17A review was that a Three Waters Policy and Strategy should be developed to guide the work of Auckland Council and Watercare.

7. As noted in a presentation to Environment and Community Committee in September 2017, work on an Auckland’s Waters Strategy is already underway. It is recommended that the Three Waters Policy and Strategy be incorporated in this Auckland Water’s Strategy. This strategy will be developed by Auckland Council by June 2019, working collaboratively with Watercare, Auckland Transport, Panuku Development Auckland and other relevant parties.

8. More detail regarding the budget and scope of the Auckland’s Waters Strategy will be provided to the Environment and Community Committee in May 2018.

Operational Response

9. The S17A review also recommended operational changes to achieve greater value through more alignment of water services.

10. Work has been done to integrate work programmes and achieve savings on major projects, such as the Western Isthmus Water Quality Improvement Programme and Franklin Road improvements.

11. An operational review is underway and a joint working group including Auckland Council, Watercare, Auckland Transport and Panuku Development Auckland has been established to investigate opportunities for greater integration and achieve cost savings across the whole council family in two phases. The savings will be benchmarked from 1 July 2017.

12. Phase One: An action plan outlining anticipated savings will be provided to the Finance and Performance Committee in May 2018. This will consider opportunities for greater alignment across the council family for:
   - capital planning
   - procurement, and
   - operations and maintenance.

13. The S17A review also recommended outsourcing of stormwater operations and maintenance to Watercare. A business case evaluating this proposal will be developed and reported back in October 2018.
14. Initial opportunities for collaboration in areas such as environmental regulation will be explored in phase one.

15. Phase Two: In phase two, the remaining recommendations relating to economic regulation, the operating model for delivery of all water services, and consolidation of environmental regulation will be considered in detail.

16. This will take place after completion of the Auckland’s Waters Strategy in June 2019. It will also be informed by the central government Three Waters review, which is currently underway.

17. Executive oversight for both phases of the operational review will be provided by the chief executives of Auckland Council, Auckland Transport and Watercare.

18. Work associated with the operational response to the S17A review will be carried out by internal staff and managed through existing budgets across the council family.

Ngā tūtohunga / Recommendations

That the Finance and Performance Committee:

a) Note that the Auckland’s Waters Strategy will incorporate the Three Waters Strategy and Policy recommended through the S17A review.

b) Note that the Auckland’s Waters Strategy will be developed by June 2019 by Auckland Council, working collaboratively with Watercare, Auckland Transport, New Zealand Transport Agency and other relevant parties.

c) Note that a joint working team has been established to progress the findings of the S17A review relating to joint procurement, capital planning, and operations and maintenance. Anticipated savings and an action plan for achieving these will be provided to the Finance and Performance Committee in May 2018.

d) Note that a business case evaluating outsourcing of stormwater operations and maintenance from Auckland Council to Watercare will be developed.

e) Note that recommendations relating to economic regulation, the operating model for all water services and consolidation of environmental regulation will be progressed post-completion of the Auckland’s Water’s Strategy. These will also be informed by the central government Three Waters Review.

Horopaki / Context

Value for Money Review

19. In March 2017 (resolution number FIN/2017/23) the Finance & Performance Committee endorsed the value for money programme for the council group, including thirty reviews of council services to be undertaken over the next three years.

20. The three waters review was completed as part of the first four reviews and the findings reported to the Finance and Performance Committee on 8 November 2017.

21. The three waters review found that significant value has been delivered from integrating water and wastewater services with Watercare and consolidating stormwater operations within council.

22. However, further opportunities to work collaboratively with greater coordination and reduced duplication across the council family in the provision of water services were identified. The review identified potential cost savings of $300 million to be achieved over the duration of the Long-term Plan 2018-2028.

Response to the Review

23. Auckland Council, Watercare and Auckland Transport are working collaboratively to respond to the S17A review.
24. The S17A review made ten recommendations. The recommended approach to each is summarised below in Table One.

**Table One: Recommendations of S17A review and proposed response.**

<table>
<thead>
<tr>
<th>S17A Recommendation</th>
<th>Response to Date</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>1. Initiate and produce a Three Waters Policy and Strategy and associated asset management plan.</td>
<td>Healthy Waters, Watercare and Auckland Transport have been working jointly on this resolution since November 2017. The aim is to develop an Auckland’s Waters Strategy, incorporating the Three Waters Policy and Strategy. Relevant programmes and investment will also be aligned within each organisation’s asset management plan.</td>
<td>Update on scope and budgets for strategy to be provided in May 2018 and final strategy adopted by June 2019.</td>
</tr>
<tr>
<td>2. Consolidated capital planning and delivery, particularly for a Special Purpose Vehicle for the Central Interceptor.</td>
<td>A joint working group has been established to review opportunities across the council family for savings from capital works programmes. It will report back with anticipated savings and an action plan. The feasibility of establishing a Special Purpose Vehicle for the Central Interceptor is currently being investigated.</td>
<td>May 2018 Work underway – report back date to be confirmed</td>
</tr>
<tr>
<td>3. Joint Procurement – Stage One. Evaluate opportunities for joint procurement.</td>
<td>This approach has already been taken on several recent projects such as Franklin Road and Okahu Bay separation projects A joint working group is currently investigating further opportunities across the council family and will report back with an action plan and anticipated savings.</td>
<td>May 2018</td>
</tr>
<tr>
<td>4. Operating Model – Stage One. Potential for outsourcing stormwater operations and maintenance to Watercare.</td>
<td>The joint working group will also consider opportunities for integration of operations and maintenance services across the whole council family, including Auckland Transport and Community Facilities. A business case will then be developed evaluating the case for outsourcing stormwater operations and maintenance to Watercare.</td>
<td>May 2018 October 2018</td>
</tr>
<tr>
<td>5. Economic regulation – Stage One.</td>
<td>Development of an annual funding plan for healthy waters will be considered post completion of the Auckland’s Waters Strategy (noting that Watercare already publishes an annual funding plan but one will need to be developed for Healthy Waters for 2019/2020). Healthy Waters and Watercare will review opportunities for benchmarking of services and look to participate in the next Water Services Association of Australia benchmarking exercise in 2020.</td>
<td>By 2019/2020 Next formal review in 2020</td>
</tr>
</tbody>
</table>
6. Consolidated environmental regulation
This will be considered post completion of the Auckland’s Waters Strategy. To be confirmed

7. Consolidated capital planning and delivery – Stage Two. Assess the best operating model to deliver all Three Waters services.
This will be considered post completion of the Auckland’s Waters Strategy and be informed by the central government Three Waters Review. To be confirmed

8. Joint procurement – Stage Two. Develop a shared procurement plan for three waters services
This will be considered post completion of the Auckland’s Waters Strategy. It will also be aligned with the Group Procurement S17A review. To be confirmed

9. Three waters operating model
This will be considered post completion of the Auckland’s Waters Strategy and be informed by the central government Three Waters Review. To be confirmed

10. Economic regulation – Stage Two. Contract an independent economic assessment of organisation’s asset management and funding plans.
This will be considered post completion of the Auckland’s Waters Strategy and be informed by the central government Three Waters Review. To be confirmed

Tātaritanga me ngā tohutohu / Analysis and advice

Auckland’s Waters Strategy

25. The S17A review noted that there is currently no strategic document to guide delivery of water services in Tāmaki Mākaurau. While the Auckland Plan provides an overarching vision and strategic direction, and the Unitary Plan provides guidance on specific issues such as water sensitive design, there is no strategic plan which sets out clear shared outcomes for water in Auckland.

26. The review placed significant emphasis on the development of a Three Waters Policy and Strategy to address this gap.

27. As noted in a presentation to Environment and Community Committee in September 2017, work is already underway on an Auckland’s Water Strategy. It is recommended that the Three Waters Strategy be incorporated into this.

28. The Auckland’s Waters Strategy will provide a shared vision and agreed outcomes for water management across the council family. It will be developed with input from mana whenua at a governance level and through targeted public engagement and consultation.

29. The review also called for development of an associated integrated asset management plan for the three waters. However, this would require a duplication of the existing asset management plans of Watercare, Healthy Waters and Auckland Transport.

30. These are operational and tactical documents that link directly to the approved Statement of Intent (SOI) for each council controlled organisation. The production and approval of these asset management plans is currently the responsibility of each organisation and their boards.
31. The intent of the S17A review will be achieved through greater alignment of the existing asset management and funding plans. This will identify opportunities for savings through alignment of programmes.

32. A recent example is the Western Isthmus Water Quality improvement programme, where investment and timing of works have been aligned between Watercare and Healthy Waters.

**Operational Response: Phase One**

33. As outlined in the Executive Summary, a number of recommendations from the S17A review require an operational response.

34. Executive oversight for this operational response will come from the chief executives of Auckland Council, Auckland Transport and Watercare.

35. Three areas were identified in the S17A review that will be considered during the first phase of the operational response. These are capital planning, procurement and operations and maintenance.

36. Opportunities for generating income through alternative sources of revenue will also be considered.

37. Some actions that have already been taken to achieve savings and further opportunities that have been identified in each area are discussed in more detail below.

**Consolidated Capital Planning**

38. The S17A review focused primarily on opportunities for savings and integration between Watercare and Healthy Waters. Several other parts of the council family also have impacts on stormwater management. For example, there are significant overlaps between stormwater, roading, stream management and flood management.

39. Coordinating work across these areas has the potential to deliver better value through enhanced services and reduced costs.

40. It is recommended that the review of capital planning look broadly across the council family for opportunities for savings and efficiencies, including Auckland Transport, council’s Community Facilities, Panuku Development Auckland and any other relevant agencies.

41. Consolidated capital planning is underway for the Western Isthmus Water Quality Improvement Programme and where feasible, this will extend to joint procurement of the construction works.

42. Further opportunities across other capital works programmes are being investigated. For example, there may be potential for savings through aligning three waters and transport investment in the Tamaki redevelopment area, or around the Housing NZ portfolio.

43. The S17A review also asked that options be investigated for a special purpose vehicle for the Central Interceptor. Watercare and Auckland Council’s Finance teams are investigating the feasibility of establishing this.

44. In the meantime, work is progressing on the Central Interceptor project, with the creation of a governance structure to oversee delivery and appointment of a programme director. A procurement process for the construction of the project is underway and will be concluded by December 2018.

**Joint Procurement**

45. Group source procurement collaboration between Auckland Council, Watercare and Auckland Transport on procurement of capital works is already in place. A group procurement policy has been developed and a number of programmes have been jointly procured resulting in better customer service and cost savings.
46. For example, for the Franklin Road project, improvements to the road corridor were combined with Watercare and Auckland Council’s separation of the wastewater and stormwater network.

47. At Okahu Bay, Watercare and Healthy Waters have developed a joint project to improve water quality through separation of the network. A joint project at Wynyard Quarter to deliver street improvements and stormwater renewal was also delivered by Auckland Transport and Healthy Waters.

48. Further opportunities for cost savings will be identified across the council family. A report back on this will be provided in May 2018. This will also be informed by the Group Procurement S17A review which is currently underway.

**Combined Operations and Maintenance**

49. The S17A review recommended that a business case be developed evaluating the case for council performance-based contracting with Watercare to deliver the operation and maintenance of stormwater.

50. Work is underway to explore opportunities within the existing water supply, wastewater and stormwater maintenance contracts to deliver enhanced customer service and cost savings. Consideration will also be given to any opportunities for savings within the Auckland Transport and Community Facilities maintenance contracts.

51. As the first step, work has commenced on analysing the service level agreements between different departments within Auckland Council and the council controlled organisations. These agreements cover the areas of maintenance overlap between agencies.

52. For example, in areas where services are provided for both Healthy Waters and Watercare by the same company, there may be potential for greater efficiencies. It is recommended that this initial review be completed first to identify opportunities for cost savings which do not require structural changes. These will be reported back in May 2018.

53. A full business case evaluating the cost-benefits for outsourcing of stormwater operations and maintenance to Watercare will be simultaneously developed and reported back to the committee by October 2018.

54. Other non-structural options for achieving better integration of operations and maintenance will also be considered through the business case process.

55. Some key areas to be covered in this business case will include:
   - human resources considerations.
   - funding stream to Watercare for delivery of operations and maintenance.
   - impact on service levels.

**Alternative Funding Options**

56. The report back in May 2018 will also consider options for generating revenue through alternative funding sources. This includes whether the current funding assistance rates from the National Land Transport Fund are fairly reflecting the cost of mitigating the stormwater effects of the roading network in Auckland. There may be potential for more costs to be recouped in this area.

57. There may also be opportunities to generate revenue through commercialising and marketing innovative water management solutions developed by council’s Healthy Waters department.

**Operational Response: Phase Two**

58. The S17A review also made recommendations relating to three other areas:
   - economic regulation
   - overall operating model for delivering water services
   - consolidation of environmental regulation.
Economic Regulation

59. The production of a funding plan for each organisation was recommended in the economic regulation section of the review. A funding plan is currently produced annually for Watercare and options for Healthy Waters for 2019/2020 will be investigated further.

60. Any efficiencies from aligned programmes between Watercare and Healthy Waters will be reflected on an ongoing basis within the funding plans.

61. The S17A review also recommended that Watercare and Healthy Waters participate in the next Water Services Association of Australia benchmarking exercise.

62. Healthy Waters and Watercare will review opportunities for benchmarking of services and look to participate in the next formal benchmarking exercise in 2020.

Operating Model and Consolidation of Environmental Regulation

63. The S17A review also recommended reviewing options in business operating models for all functions involved in delivering water services. It also recommended evaluating the business case for consolidation of environmental regulatory functions across council.

64. These recommendations would require major structural change to implement and are best considered once an overarching strategy for Auckland’s waters with has been developed.

65. It is important that any review of the overall operating model for delivery of water services is also informed by the central government Three Waters review. This is a national level review of how to improve the management of drinking water, storm water and wastewater (three waters) to better support New Zealand’s prosperity, health, safety and environment.

66. Timelines for this review are not yet confirmed but its outcomes will need to be considered in determining the best operating model for water services.

Ngā whakaawae ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

67. Local boards have a strong interest in improving water quality across the Auckland region and currently fund many local projects focused on waterways.

68. Local boards will be consulted on development of the Auckland’s Waters Strategy. Local boards will also be consulted on any changes to service levels resulting from the S17A operational review.

Tauākī whakaawae Māori / Māori impact statement

69. Mauri (life force), is a fundamental concept of the Māori worldview. The state of mauri is an indicator of overall environmental, cultural and social wellbeing. All water sources have an inherent mauri that can be diminished or enhanced.

70. Enhancing the mauri of waterways is of key significance to mana whenua in their role as kaitiaki of Auckland’s waters. Early engagement in partnership with mana whenua to promote kaitiakitanga and embed mana whenua values into this work will be critical to the success of the actions outlined in this report.

71. Development of the Auckland’s Waters Strategy has been workshopped with the Kaitiaki Forum. The forum requested that one of their members be included on the governance group for the development of the strategy. This has been recognised in the development of the governance structure for the strategy.

72. Mana whenua will also be consulted on the strategy throughout the development, consultation and adopting process.
73. Auckland Council, Auckland Transport and Watercare regularly consult with mana whenua on any major operational projects and this will be ongoing throughout the S17A review process.

Ngā ritenga ā-pūtea / Financial implications
74. The works associated with delivering the S17A operational response are being carried out by internal staff and will be managed within existing budgets.
75. An update on the scope of the Auckland’s Waters Strategy and budgets required will be provided to the Environment and Community Committee in May 2018.

Ngā raru tūpono / Risks
76. As the works outlined in the S17A review were not planned or budgeted for, there is a risk that they could be delayed due to lack of staffing resource. This will be managed through appointment of dedicated programme managers within each organisation and reporting on progress to an Executive Management Group.
77. There is also a risk that the cost savings of $300 million may not be an accurate estimate of potential savings. Any material change to this will be reported to the respective boards and the Finance and Performance Committee.

Ngā koringa ā-muri / Next steps
78. Work is progressing on the development of the Auckland’s Waters Strategy. Updates on the development of this will be provided to the Environment and Community Committee, with an aim of adopting the final strategy by June 2019.
79. For the operational review, work has commenced to identify and realise cost efficiencies, including those achieved since 1 July 2017, those underway and new opportunities. An action plan and estimates of savings to be achieved in Phase One will be provided to the Finance and Performance Committee in May 2018.
80. Executive oversight for this operational response will come from the chief executives of Auckland Council, Auckland Transport and Watercare.
81. Where possible, potential cost savings will be included in the Long-term Plan budgets. Efficiencies identified after the long-term plan process is completed, will be captured in future annual or long-term plans.

Ngā kaihaina / Signatories

| Authors | Andrew Chin, Auckland’s Waters Programme Manager, Auckland Council  
|         | Anin Nama, Network Efficiency Manager, Watercare |
| Authorisers | Raveen Jaduram, Chief Executive of Watercare  
|           | Stephen Town, Chief Executive of Auckland Council |
Response to the Domestic Waste: Value for Money (S17A) Review 2017

File No:

Te take mō te pūrongo / Purpose of the report
1. To receive an update on the Domestic Waste: Value for Money (s17A) review and approve $350,000 of additional budget for an independent review of the value and options for Auckland Council’s ownership of key waste assets.

Whakarāpopototanga matua / Executive summary
2. In November 2017, the Finance and Performance Committee received the Domestic Waste: Value for Money (S17A) Review 2017.
3. The value for money S17A review found that Auckland Council has achieved value in delivering waste services, with demonstrable cost savings, growing rates of household waste diversion and high levels of customer satisfaction.
4. The review also identified three main areas of opportunity to deliver greater value for money:
   • more emphasis on commercial waste
   • greater economic discipline
   • a more commercial approach to delivery and contracting of waste services.
5. The Finance and Performance Committee approved nine recommendations from the S17A review which gave rise to 13 actions for council staff to complete. Some of these actions require a strategic response while others are more operational in nature. The full recommendations and the response plan for each are outlined in attachment A.

Strategic Response: Waste Management and Minimisation Plan
6. Six actions arising from the S17A required a strategic response, such as the recommendation that council should have a greater focus on reducing commercial (non-domestic) waste. All six of these recommendations have been incorporated into the draft Waste Management and Minimisation Plan 2018: Working Together for Zero Waste.
7. The draft plan will be consulted on in February and March 2018 and a final version approved by Environment and Community Committee before the end of June 2018. The S17A actions in the waste plan will then be implemented, subject to public feedback.
8. Regular updates on implementation of the waste plan will be provided to the Environment and Community Committee and the Waste Political Advisory Group.

Operational Response
9. The remaining seven actions arising from the S17A review required an operational response. These included actions such as reviewing the strategic case for the council owning and operating waste facilities and implementing outcome-based contracting for waste collection services. Six of these actions will be partially or fully implemented over the next year (see attachment A for detail).
10. The action to review the strategic case for the council owning and operating waste facilities or services, also involves evaluating alternatives, such as selling these assets or using long-term lease arrangements.
11. This review will require commission of external consultants to provide independent advice on the value of key waste assets, together with alternatives for ownership and service provision. Because this piece of work is unplanned it cannot be accommodated within existing budgets. It is estimated to cost approximately $350,000, with the exact cost to be confirmed through the procurement process.
12. It is recommended that the Finance and Performance Committee approve additional budget of $350,000 to fund a full and independent review of this topic.
13. More detail will be provided on the results of this review in a report back to Finance and Performance Committee in November 2018. An update on progress in implementing the other S17A recommendations and the anticipated cost savings will also be provided.

14. Finally, the S17A review recommended that council provide materials to assist community groups and businesses to apply to the central government Waste Minimisation Fund. It is recommended that this action not be completed, as it would duplicate existing resources that are available through the Ministry for the Environment.

Ngā tūtohunga / Recommendations
That the Finance and Performance Committee

a) Note that the strategic actions arising from the Domestic Waste: Value for Money (S17A) Review have been included in the draft Waste Management and Minimisation Plan 2018 and will be implemented once the plan is approved (subject to public feedback).

b) Note that the final Waste Management and Minimisation Plan 2018 will be presented to the Environment and Community Committee for approval by June 2018.

c) Approve additional budget of $350,000 operational expenditure to fund an independent review of the value and options for Auckland Council’s ownership of key waste assets and services.

d) Note that a report back on the results of this review and an update on the other actions arising from the Domestic Waste: Value for Money (S17A) Review will be reported to the Finance and Performance Committee in November 2018.

e) Note that the S17A recommendation to develop materials supporting community groups and businesses to apply to the central government Waste Minimisation Fund will not be completed, as this would duplicate Ministry for the Environment resources.

Horopaki / Context
Value for Money programme

15. In March 2017 the Finance and Performance Committee endorsed a value for money programme for the council group, including thirty reviews of council services to be undertaken over the next three years.

16. A review of domestic waste was completed as part of the first group of four reviews. Its recommendations were endorsed by the Finance and Performance Committee on 6 November 2017 through nine resolutions (FIN/2017/154).

17. These recommendations generated 13 actions to be carried out by council staff. Six of these required a strategic response, while seven were more operational in nature.

18. This report outlines progress to date in implementing these actions, and the feasibility and time frame for those remaining. The full text of each resolution and the current implementation plan is provided in attachment A.

Tātaritanga me ngā tohutohu / Analysis and advice
Strategic Response to S17A Recommendations

19. The S17A value for money review coincided with the review of the Waste Management and Minimisation Plan 2012. Six actions arising from the S17A review required a strategic response and so have been included in the draft waste plan.

20. Subject to public feedback and Environment and Community Committee approval, these actions will be implemented once the final plan is adopted in June 2018. Regular updates on implementation will be provided to council’s Waste Political Advisory Group. Specific actions are discussed in more detail below.
21. **Broaden the focus to non-domestic waste.** The S17A review noted that domestic waste accounts for only 14 per cent of all waste sent to landfill in Auckland. It recommended that council broaden its focus to reducing and diverting the ‘larger and faster-growing commercial waste stream’. In response to this, a key objective of the new draft Waste Management and Minimisation plan is to broaden council’s focus beyond household waste to commercial waste.

22. **Reviewing the need for, and effectiveness of, council’s community grants for waste.** The S17A review recommended that council consider whether its own community grants scheme (the Waste Minimisation and Innovation Fund) was needed given the existence of the central government Waste Minimisation Fund.

23. The central government Waste Minimisation Fund only supports projects which have a budget of more than $50,000 and are likely to have national impacts. In contrast, council’s Waste Minimisation and Innovation Fund supports projects of up to $50,000 which contribute to reducing waste to landfill in the Auckland region. This means that council’s fund effectively complements the central government fund. Continuing the Waste Minimisation and Innovation Fund has been proposed in the next draft waste plan.

24. An annual review of the outcomes of the Waste Minimisation and Innovation Fund is also conducted by the Waste Solutions Department after each major funding round to identify any areas for improvement. In 2018/2019 a relevant expert from another team within council will be asked to input into this review to ensure independence of the findings.

25. Once this review is completed a report back will be provided to Environment and Community Committee, by September 2018, outlining key outcomes of the review and any recommended changes to the fund’s operation.

26. **Developing site waste management plans to enable diversion of business waste.** This action has been included in the draft waste plan for consultation. If adopted, a pilot programme will be developed in collaboration with the relevant business groups. Regular updates on progress will be provided to the Waste Political Advisory Group.

27. **Conduct research to ascertain if the benefits of raising the landfill levy outweigh the increase in household and business costs.** Once this has been done, confirm council’s position on advocating, or not, for a higher landfill levy. Council has commissioned two studies on this topic, analysing the costs and benefits of raising the landfill levy both internationally and specifically for New Zealand. This research found that the benefits of raising the landfill levy outweigh the costs to households and businesses. More research on this topic should be led by central government as part of their regular reviews of the effectiveness of the levy.

28. Advocacy to raise the landfill levy is included in the draft Waste Management and Minimisation Plan 2018. If approved staff will continue this advocacy, which was also an action in the Waste Management and Minimisation plan 2012.

29. **Do market research to test what households and businesses are willing to pay or do to achieve reductions in waste going to landfill, for use in economic assessments.** Household behaviour studies like this have been included in the draft waste plan. The results will inform future business cases and decision making.

30. **Develop an economic evidence base that quantifies the wider environmental and other damages caused by landfill and whether these costs are already captured in market prices or covered by regulatory requirements, for use in business cases.** Some aspects of this recommendation have already been addressed through the cost benefit analysis work on food waste and on a national container deposit scheme. Undertaking more studies to develop this evidence base further is included in the draft waste plan.

**Operational Response to S17A Recommendations**

31. The S17A review also recommended seven actions for improvement relating to operational aspects of how council conducts waste services (rather than on the scope or strategic focus of our work). These are discussed below.

32. **Assess the strategic case for council owning and operating waste facilities or services. Evaluate alternatives such as selling these assets or using long-term lease arrangements.**
A business case will be developed by external consultants to evaluate the strategic case for Auckland Council owning waste assets or services. Key waste assets that will be considered include:

- the Waitakere Refuse and Recycling Transfer Station
- Materials Recycling Facility. This is operated by Visy but will be returned to council in 2024 under their current Build Own Operate and Transfer contract
- Auckland Council’s share in Whitford Landfill
- community facilities such as resource recovery centres.

33. The review will include a full valuation of these business assets and consider the costs and benefits to council of current ownership arrangements. The review will consider if there is a long-term benefit to the council of owning and operating these assets and whether it might benefit the council to purchase additional assets in future. It will also consider alternatives to ownership such as selling assets or long-term lease arrangements.

34. As the cost of commissioning this business case is unplanned work that was not budgeted for, it is not possible to fund this from existing 2018/2019 budgets. It is estimated this review will cost approximately $350,000, although the exact cost will be confirmed through the procurement process.

35. It is recommended that the committee approve additional budget of $350,000 to fund this work. This will ensure a detailed and independent review by external consultants.

36. *Council projects should seek funding from the government’s Waste Minimisation Fund.* The review recommended that council should ensure any significant new waste services or trials that it develops seek support from the central government Waste Minimisation Fund.

37. Council will seek support for any eligible major waste initiative or trial with a budget of more than $50,000 from the government’s Waste Minimisation Fund. These projects will need to be predominantly rates funded, as any council initiatives which are funded through the central government Waste Levy are unlikely to receive significant co-funding through the Waste Minimisation Fund. There is also no guarantee that these applications will be successful.

38. *Council should provide materials to local community groups and businesses to support them to apply to the central government Waste Minimisation Fund.* Feedback on this action from the Ministry from the Environment has been that it will duplicate national resources which are already available. Therefore, it is recommended that this action not be progressed.

39. *Implement outcome-based contracting for waste services.* The S17A review recommended that council introduce outcome-based contracting to incentivise waste collectors to pursue waste minimisation and diversion targets.

40. A procurement plan to consolidate, bundle, and standardise the waste collection contracts when they are due to be renewed from 2020 is currently being developed. This will include a shift towards outcome-based contracting. It will be presented to the Strategic Procurement Committee for their approval by May 2018.

41. An update on the procurement approach and anticipated savings will also be provided to Finance and Performance Committee in November 2018.

42. *Activities to Improve Economic Discipline:* The S17A review also recommended three additional actions to improve economic discipline, which will be implemented by council.

- **Ensuring that no new initiative receives funding unless it is supported by a business case showing benefits exceed costs by a pre-determined margin.** Business cases are already developed by council’s waste team for all major initiatives. Further work will be undertaken, including benchmarking with other practices, to establish a predetermined cost-benefit margin for projects. This will capture social, environmental, economic and cultural outcomes.

- **Rank all of the council’s existing and planned waste minimisation and diversion services or initiatives by their cost-effectiveness, to guide prioritisation and test value for money.** This
work has already been partially undertaken through the Waste Assessment which evaluated the value of projects based on their ability to achieve environmental, social, economic and cultural outcomes. This multi-criteria analysis informed the actions included in the draft plan. For example, incineration of waste did not rate highly. This type of evaluation will be applied to future high value services or trials developed by council.

- Require independent review of material business cases by experts with economic or commercial expertise. An independent review has already been commissioned for significant programmes, such as the waste levy and the container deposit scheme. This practice will be continued for all high value business cases.

**Summary and Recommendations**

43. In summary, work is well advanced on implementing the recommendations of the Domestic Waste: Value for Money (S17A) Review. Out of the 13 actions arising, six require a strategic response and have been included in the draft waste plan. These actions will be implemented once the plan is approved (subject to public feedback).

44. Of the remaining seven actions which require an operational response, six will be fully or partially implemented as part of Waste Solution’s ongoing work programme. An update on progress on these actions and estimated savings will be provided to the Finance and Performance Committee in November 2018.

45. One of these actions, the strategic review of the business case for council’s ownership of waste assets and services, will require commission of a review by external consultants. It is recommended that the committee approve additional budget of $350,000 to fund this review.

46. Finally, one S17A action relating to promotion of the central government Waste Minimisation Fund will not be progressed, for the reasons outlined above.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views**

47. As noted above, six actions from the S17A review have been included in the draft Waste Management and Minimisation Plan: Working Together for Zero Waste.

48. Workshops were held with local boards between September and November 2017 on the draft plan. Feedback from this engagement was incorporated in the draft plan presented to the Environment and Community Committee in December 2017.

49. Local boards will have the opportunity to give feedback on the draft plan before it is finalised.

50. Local boards will also be consulted on any changes to service levels resulting from the operational response to the S17A review.

**Tauākī whakaaweawe Māori / Māori impact statement**

51. Council has worked closely with mana whenua and mataawaka to implement the first Waste Management and Minimisation Plan 2012. Council has also engaged with these groups in the development of the second draft waste management and minimisation plan.

52. As five recommendations from the S17A review are included in the draft waste plan, these have been presented to mana whenua and mataawaka as part of the engagement process.

53. In general, feedback to date from mana whenua and mataawaka has been supportive of the second plan, noting that there is a strong alignment between the approach of the draft Waste Management and Minimisation Plan: Working Together for Zero Waste and Te Ao Māori.

54. Engagement with mana whenua and mataawaka on S17A initiatives will continue, both through the formal hearings process and throughout implementation of the plan.

55. Mana whenua will also be consulted on any changes to service levels or delivery of waste services resulting from the operational response to the S17A review.
Ngā ritenga ā-pūtea / Financial implications

Additional Budget Requirement

56. As noted above, most of the actions in the S17A review will be implemented using existing budgets and staff resources. However, the recommendation to commission a business case evaluating the ownership of council’s waste assets and services will require the use of external consultants to ensure independence and quality of advice.

Anticipated Savings

57. The S17A review estimated anticipated direct savings to Auckland Council and indirect savings to Aucklanders from some of the actions included in the review.

58. In particular, it estimated that making greater use of the central government Waste Minimisation Fund could achieve $25 million of savings over ten years. This included $12.5 million of direct savings to council and $12.5 million of savings to wider Auckland.

59. It also estimated that pursuing outcomes-driven and bundled contracting of waste services could achieve a direct savings to council of $30 million over ten years.

60. More work is needed to validate these estimates and calculate what cost savings can be achieved through implementing the S17A actions. The quantum of savings that can be achieved through greater use of the central government Waste Minimisation Fund are highly uncertain and will need further analysis to confirm.

61. More detailed information on potential savings will be provided in the next report back to Finance and Performance Committee in November 2018.

Ngā raru tūpono / Risks

62. There are no identified risks associated with the implementation of most actions included in the S17A review at this point.

63. Any risks arising from implementation of the actions included in the value for money S17A review will be highlighted as these are presented to the relevant committee for approval.

64. In regards, to the recommendation to commission an external business case for the council’s ownership of waste assets, if budget is not approved for this piece of work, there are risks it will:
   - not be delivered in a timely fashion, or
   - to a sufficient standard to support informed decision making by elected members.

65. It is anticipated that implementing the S17A recommendations, particularly those relating to improved economic discipline and building the evidence base for council’s waste reduction policies, will reduce financial risks to council in future.

Ngā koringa ā-muri / Next steps

66. Strategic actions arising from the S17A review have been included in the draft Waste Management and Minimisation Plan and will be implemented after the plan is adopted by Environment and Community Committee in June 2018 (subject to public feedback).

67. Operational actions will be implemented over the next 12 months and a further report back on progress and anticipated savings will be provided to the Finance and Performance Committee in November 2018.

Ngā tāpirihanga / Attachments

Attachment A: Response Plan for Domestic Waste: Value for Money (S17A) Review Recommendations

Ngā kaihaina / Signatories

<p>| Authors       | Parul Sood, Waste Planning Manager |</p>
<table>
<thead>
<tr>
<th>Authorisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian Stupple, General Manager Waste Solutions</td>
</tr>
<tr>
<td>Barry Potter, Director of Infrastructure and Environmental Services</td>
</tr>
</tbody>
</table>
## Table 2: Response Plan for Domestic Waste: Value for Money (S17A) Review Recommendations

<table>
<thead>
<tr>
<th>S17A Recommendation</th>
<th>Actions in Response</th>
<th>Implementation timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prepare a plan of actions to advance the Zero Waste objective in the growing non-domestic waste segments and include it in the second Management and Minimisation Plan currently being developed for approval.</td>
<td><strong>Strategic Response:</strong> Plan of actions has been completed and is a key focus of the draft Waste Management and Minimisation Plan: Working Together for Zero Waste. Broadening of the council’s focus to commercial waste will be implemented once the final waste plan is adopted (subject to public support and committee approval).</td>
<td>Plan of actions completed. These will be implemented after the waste plan is adopted by Environment and Community Committee in June 2018.</td>
</tr>
<tr>
<td>2. Review the strategic case for the council owning and operating waste facilities/services and prepare a business case which evaluates alternative options for achieving their domestic waste service and policy objectives, including selling non-strategic assets or using long-term lease arrangements, and report back on progress by March 2018.</td>
<td><strong>Operational Response:</strong> The value and options for Auckland Council’s ownership of waste assets, such as Waitakere Refuse and Recycling Transfer Station and the Materials Recycling Facility currently operated by Visy, will be reviewed and alternatives evaluated. The review will be prepared by external consultants. The cost of this will be approximately $350,000 and is currently unfunded within agreed budgets.</td>
<td>Report back to Finance and Performance Committee on results of business case in November 2018.</td>
</tr>
</tbody>
</table>
| 3. Immediately introduce a funding principle that no new waste management or minimisation service or trial is approved without it having:  
  i. first sought significant co-funding support from the contestable Government’s Waste Minimisation Fund  
  ii. a business case that shows benefits exceed costs by a predetermined margin. | **Operational Response**  
  i. New services will be submitted to the central government Waste Minimisation Fund if they are eligible, although there is no guarantee these applications will be successful. Services will need to have a value of over $50,000 and are unlikely to receive a grant if they are also funded through the central government Waste Levy.  
  ii. Business cases will be developed for all new initiatives. Benchmarking with other practices will be undertaken to establish a predetermined margin for projects seeking similar environmental, economic and social outcomes. | Report back to Finance and Performance Committee on progress in November 2018. |
| 4. Consider the value of continuing the current community grants for waste initiatives, based | **Strategic Response:** Continuing the Waste Minimisation and Innovation Fund is proposed as part of the draft Waste | Subject to public feedback, implement once the draft plan is |
on an evaluation of the impacts of grants, given the size of grants and compared to the administration costs

<table>
<thead>
<tr>
<th>Item 17</th>
<th>5. Develop information and guidance, and protocols for advisory support to community organisations and businesses to help them apply to the contestable Government’s Waste Minimisation Fund.</th>
<th>Operational Response: Government advice for applicants is already provided on the Ministry for the Environment website. Feedback from the Ministry was that council resources would duplicate these.</th>
<th>No further work recommended.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6. Develop, in collaboration with relevant business groups, simple easy-to-use site waste management plans to support businesses to cost-effectively minimise their waste that goes to landfill, and report back on progress by March 2018</td>
<td>Strategic Response: This has been included in the draft Waste Management and Minimisation Plan: Working Together for Zero Waste, for piloting in council and CCO projects (refer action 46 in draft plan). Implementation will be undertaken as part of the delivery of the plan.</td>
<td>Subject to public feedback, implement once the draft plan is adopted in June 2018. Regular reports back on progress to Waste Political Advisory Group.</td>
</tr>
<tr>
<td></td>
<td>7. Within the next 12 months:</td>
<td>Strategic Response: Some aspects have already been addressed through the cost benefit analysis work on food waste and on a national container deposit scheme. More evidence gathering has been included in the draft Waste Management and Minimisation Plan: Working Together for Zero Waste (refer action 33 in draft plan).</td>
<td>Subject to public feedback, implement once the draft plan is adopted in June 2018.</td>
</tr>
<tr>
<td></td>
<td>i. Develop, and then maintain, an economic evidence base that quantifies the wider environmental and other damages caused by landfill and whether these costs are already captured in market prices or covered by regulatory requirements, for use in business cases</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii. Do market research to test with households and businesses on what they would be willing to pay or do to achieve additional reductions in waste going to landfill, for use in economic assessments</td>
<td>Strategic Response: Household behavior studies are included in the draft Waste Management and Minimisation Plan: Working Together for Zero Waste (refer action 23 in draft plan).</td>
<td>Subject to public feedback, implement once the draft plan is adopted in June 2018.</td>
</tr>
</tbody>
</table>
## Attachment B

### Item 17

<table>
<thead>
<tr>
<th><strong>iii. Rank all of the council’s existing and planned waste minimisation and diversion services or initiatives by their cost-effectiveness, to guide implementation priorities and test value-for-money on an ongoing basis</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Response:</strong> This has been partially addressed through the Waste Assessment criteria, which ranked initiatives included in the draft Waste Management and Minimisation Plan based on their ability to achieve environmental, social, cultural and economic outcomes. Future significant waste initiatives or services will be ranked on their cost-effectiveness using this multi-criteria analysis.</td>
</tr>
<tr>
<td><strong>Report back to Finance and Performance Committee on progress in November 2018.</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>iv. Require independent review of material business cases, to be undertaken by experts with economic or commercial expertise, as part of building internal economic and business capability.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Response:</strong> Independent review has been commissioned for significant programmes, such as the waste levy and the container deposit scheme. This will also be undertaken for any future major new waste initiatives.</td>
</tr>
<tr>
<td><strong>Report back to Finance and Performance Committee on progress in November 2018.</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>8. Do further economic research to ascertain if the introduction of a landfill levy would result in benefits that justify the increase in household and business costs of disposing waste in landfill, and once this research has been done, confirm the council’s position on advocating or not for a higher landfill levy.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Response:</strong> Research on the costs-benefits of increasing the landfill levy has been completed – reports commissioned from SLR and Eunomia. Proposal to continue council advocacy to raise the landfill levy is included in the draft Waste Management and Minimisation Plan: Working Together for Zero Waste.</td>
</tr>
<tr>
<td><strong>Research completed. Subject to public feedback, council advocacy to increase the landfill levy will continue once the draft plan is adopted in June 2018.</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>9. Implement outcome-based contracting, to give waste collectors incentives to also pursue ambitious waste minimisation and diversion targets, such as through enabling innovative retail and advisory services to households and businesses, and report back on progress by May 2019, noting that work is underway to consolidate, bundle, and standardise the waste collection contracts when they are due to be renewed from 2020.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Response:</strong> Implementing outcome-based contracting will be considered as part of the procurement plan being currently developed for waste collection contracts. It will be presented to Strategic Procurement committee by May 2018.</td>
</tr>
<tr>
<td><strong>Procurement plan presented to Strategic Procurement for approval by May 2018. Report back to Finance and Performance committee on progress on implementing outcome-based contracting in November 2018.</strong></td>
</tr>
</tbody>
</table>
VALUE FOR MONEY IMPLEMENTATION PROGRESS REPORT

<table>
<thead>
<tr>
<th>Review:</th>
<th>Investment Attraction &amp; Global Partnerships</th>
<th>Flag</th>
<th>GREEN (Overall)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report Date</td>
<td>27 February 2018</td>
<td>Report Period</td>
<td>December 2017-February 2018</td>
</tr>
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</table>

Status Overview for the Review

ATEED’s CEO started at ATEED in Nov 2017. Aside from supporting development of the Long Term Plan (LTP), the Mayor has charged the CEO with undertaking a 1st Principles review of ATEED. As part of this process, ATEED has linked the findings of the review with the Mayor’s letter of expectation and the revision of its Statement of Intent (SOI) for 2018-21.

On 29th February, the newly developed SOI (including new measurements for tracking success) will be presented to ATEED’s board. This is anticipated to then be presented to Council / Mayor on 28th February, 2018.

In terms of the delivery of the s17A – Investment Attraction and global partnerships Value for Money action plan, there are a number of steps needing to be implemented:

- Presentation to ATEED’s Leadership / Board on proposed action plans to acknowledge the proposed action plan and seek agreement / endorsement
- Creation of a s17A Steering Team with the appropriate membership from Council / CCO’s
- On boarding a PM to support delivery, the project team and the working group
- Business casing of action items (signed off by lead agency)
- Development of a project plan / budget

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>Flag</th>
<th>Work plan achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Develop an Auckland investment story</td>
<td>March 2018</td>
<td>Aug 2018</td>
<td></td>
<td>This initiative is the opportunity to leverage off the Global Auckland work. The Auckland International Managers Network has initiated discussions around this requirement and will provide a platform to enable delivery / sense checking of the Auckland Story. Delivery is contingent upon the adoption of the Auckland Plan and strategy refresh due for adoption 28th June. The Auckland Story can then be finalised.</td>
</tr>
<tr>
<td>#2 Investment attraction service</td>
<td>March 2018</td>
<td>June 2018</td>
<td></td>
<td>A feasibility study will be undertaken evaluating EDI’s internationally to determine whether this is a viable option for ATEED to consider implementing. And what the various options for charging fee’s for service.</td>
</tr>
<tr>
<td>#3 Better performance measures</td>
<td>November 2018</td>
<td>June 2018</td>
<td></td>
<td>Work has been initiated as part of revising ATEED’s SOI to include a new set of measures reducing the current 26 KPI’s to approximately 5 relevant across the whole organisation. A portion of these will be directly related to Investment Attraction across the whole of ATEED’s activity (not just BA8).</td>
</tr>
</tbody>
</table>
**Green** - Work will progress as planned, due date will be met or if the due date has been revised it will not affect the project critical path or a dependent project.

**Amber** - Due date has or will possibly be missed and this may affect the project critical path or a dependent project, or an issue has arisen that may affect this project or a dependent project.

**Red** - Due date has or will imminently be missed and this will affect the project critical path or a dependent project, or an issue has arisen that will negatively impact this project or a dependent project.

**Commentary:**
Project comment is required that briefly describes progress made and any issues that have arisen.
All milestones due in the next three months require comment that briefly describes progress made and any issues that have arisen.
If the status is **Amber** or **Red** the comment must include a reason why and what action or suggested action is to be taken.
If the Actual Date varies from the Forecast Date, the comment must include a reason why and what impact it will have on this or a dependent project.

**Risk**
An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.

**Issue**
A relevant event that has happened, was not planned, and requires management action. It can be any concern, query, and request for change, suggestion or off specification raised during a project. Project issues can be about anything to do with the project.

ATEED is yet to be briefed by the s17A Review Team on the proposed outcomes / actions of the review. GPS was updated in Jan, 2018. The action plans will be briefed into ATEED's leadership team to agree / confirm next steps.
Value for Money (s17A) Review implementation and progress update

Finance and Performance Committee
27 February 2018

VALUE FOR MONEY IMPLEMENTATION PROGRESS REPORT

<table>
<thead>
<tr>
<th>Review:</th>
<th>Communication &amp; Engagement</th>
<th>Flag</th>
<th>GREEN (Overall)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report Date</td>
<td>27 February 2018</td>
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</tr>
</tbody>
</table>

Status Overview for the Review

Communication and Engagement department

The council communication and engagement department has begun work to implement all recommendations and is making significant progress.

Year one efficiency savings have been identified through reduction to operational budget and FTE numbers, including a reduction in print and distribution costs of at least 10%, and an accelerated shift to ‘digital first’. Details will be finalised in May as part of the council’s FY18-19 business planning process.

Options for year 2 and 3 savings have also been identified, including through commercial partnerships, advertising through Our Auckland print, expansion of the design studio model, and running fewer low priority marketing campaigns. These options are being scoped and developed with further detail available in May. Some savings will require upfront investment to achieve savings in later years. Funding will be sought from council’s investment group for FY18-19, with business cases in development.

A new C&E department strategy will determine allocation of parent C&E budget for FY18-19 through clear objectives, investment logic and linkages back to the organisational strategy and mayoral vision. This work will be completed by the end of April as part of the FY18-19 business plan, and will include a new set of KPIs for the department.

A Māori engagement strategy for parent is being developed with supporting work streams.

Council Group

A cross-council working group is leading development of a formal group strategy and plan. This will include consideration of efficiency and procurement savings, effective media and issues management and the shift to digital first.

Scoping work has also begun to identify further efficiency opportunities for year 2 and 3 savings through joint group procurement. Opportunities identified include media monitoring, signage and freelance resource.

A council-CCO working group is considering a response to recommendations in relation to Māori engagement.

<table>
<thead>
<tr>
<th>Initiative</th>
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<th>Completion Date</th>
<th>Flag</th>
<th>Work plan achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Develop a formal group strategy and plan</td>
<td>January 2018</td>
<td>June 2018</td>
<td>GREEN</td>
<td>A cross-council working group is leading development of a formal group strategy and plan. An initial meeting was held on 16 January, with a further working session scheduled for 1 March. This will include consideration of effective media relations and issues management; impact and cost effectiveness of campaigns; joint procurement and digital first.</td>
</tr>
<tr>
<td>#2 Implement cost efficiency plans</td>
<td>February 2018</td>
<td>August 2018</td>
<td>GREEN</td>
<td>Work on cost efficiency plans is progressing. Year one efficiency savings will be met through a combination of reduction in FTE (achieved by not filling current vacancies in non-critical roles) and reductions in the operational budget. Options for reducing core operating expenditure currently being investigated as part of the business planning process for FY15-19 include: - Accelerating the shift from print to digital - including changes to Our Auckland to achieve savings of at least 10% on Our Auckland print and provide more effective engagement and reach from online and print channels - More efficient and effective marketing campaigns, including fewer individual campaigns and greater use of cross-promotion and joint or themed campaigns - Rationalisation of the Annual Report Research Programme to reflect statutory requirements - Establishing a group-wide pool of freelancers to reduce contractor numbers</td>
</tr>
</tbody>
</table>
### #3 Planning Process

**January 2018 - June 2018**

A new C&E department strategy has been developed to drive allocation of parent C&E budget for FY18-19 with clear objectives, investment logic and linkages back to the organisational strategy and mayoral vision.

Priority workstreams that will inform budget allocation for FY18-19 include:

- **Know Aucklanders** – a review of insights and audience segmentation to inform better targeting and relevance of messages and provide consistent approach to measuring ROI for campaigns
- **Inform & Engage Aucklanders** – a single messaging framework to organise and align core messages across council
- **Meet Aucklanders where they are** – Development of a single ‘go to market’ strategy for the organisation, to deliver council messages to target audiences in the right place through an aggressive channel and content strategy with an emphasis on digital first.

This work will be completed by the end of April to ensure integration into the department’s FY18-19 business plan. Other workstreams underway include opportunities for personalisation of external communications and improved business partner relationships.

### #4 Maori Engagement

**April 2018 - April 2019**

A council-CCO working group has been set up to consider and respond to recommendations in relation to maori engagement.

### #5 Performance Measures

**May 2018 - November 2018**

A new set of KPIs are being developed as part of the workstreams noted in #3 to measure ROI on campaigns against the C&E department strategy and for inclusion in the department’s FY18-19 business plan.

### #6 Joint Procurement

**May 2018 - November 2018**

Scoping work has begun to identify opportunities for savings through joint procurement across the group, working with council’s procurement team. Initial opportunities identified include media monitoring, signage and freelance resource.

---

**Work Plan Achievements**

With reference to the work plan in each action plan:

**Flag information**

- **Green** - Work will progress as planned, due date will be met or if the due date has been revised it will not affect the project critical path or a dependent project.
- **Amber** - Due date has or will possibly be missed and this may affect the project critical path or a dependent project, or an issue has arisen that may affect this project or a dependent project.
- **Red** - Due date has or will imminently be missed and this will affect the project critical path or a dependent project, or an issue has arisen that will negatively impact this project or a dependent project.

**Commentary:**

- Project comments are required that briefly describes progress made and any issues that have arisen.
- All milestones due in the next three months require comment that briefly describes progress made and any issues that have arisen.
- If the status is **Amber** or **Red** the comment must include a reason why and what action or suggested action is to be taken.
- If the Actual Date varies from the Forecast Date, the comment must include a reason why and what impact it will have on this or a dependent project.

**Risk**

- An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.

**Issue**

- A relevant event that has happened, was not planned, and requires management action. It can be any concern, query, and request for change, suggestion or off specification raised during a project. Project issues can be about anything to do with the project.
Te take mō te pūrongo / Purpose of the report
1. To receive a summary and provide a public record of memos or briefing papers for the Committee’s information and any other information that may have been distributed to committee members since 12 December 2017.

Whakarāpopototanga matua / Executive summary
2. This is a regular information-only report which aims to provide greater visibility of information circulated to committee members via memo or other means, where no decisions are required.
3. The following information-only report is attached:
   - Finance and Performance Committee Forward Work Programme to 30 June 2018 (Attachment A)
4. The following presentations/memos/reports were presented/circulated as follows:
   - 18 January 2018 – Memo from Acting General Manager of Community Facilities (Attachment B)
   - 7 February 2018 – Workshop minutes (Attachment C)
5. The workshop papers and any previous documents can be found on the Auckland Council website at the following link: [http://infocouncil.aucklandcouncil.govt.nz/](http://infocouncil.aucklandcouncil.govt.nz/)
   - at the top of the page, select meeting “Finance and Performance Committee” from the drop-down tab and click ‘View’;
   - under ‘Attachments’, select either HTML or PDF version of the document entitled ‘Extra Attachments’.
6. Note that, unlike an agenda decision report, staff will not be present to answer questions about these items referred to in this summary. Committee members should direct any questions to the authors.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:
   a) receive the information report – 27 February 2018.
## Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Finance and Performance Forward Work Programme to 30 June 2018</td>
<td>235</td>
</tr>
<tr>
<td>B</td>
<td>Memo from Acting General Manager of Community Facilities, dated 18 January 2018 (Under Separate Cover)</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>7 February 2018 – Workshop minutes (Under Separate Cover)</td>
<td></td>
</tr>
</tbody>
</table>

## Ngā kaihaina / Signatories

| Author          | Sandra Gordon - Senior Governance Advisor                          |
| Authoriser      | Matthew Walker - Acting Group Chief Financial Officer             |
### Finance and Performance Committee Forward Work Programme to 30 June 2018

The purpose of the Committee is to control and review expenditure across the Group to improve value for money; to monitor the overall financial management and performance of Auckland Council parent and Auckland Council Group; to make financial decisions required outside the annual budgeting processes and to perform the responsibilities of another committee, where it is necessary.

Priorities for 2017 will be on initiatives which:

1. Strategic Reviews: Long-term Plan 2018-2028 Development
2. Monitoring
3. Acquisitions and disposals
4. Other financial decisions

The work of the committee will:

1. Approve the Long-term Plan 2018-2028 including financial policy, the consultation document and supporting information for recommendation to the Governing Body
2. Monitor achievement of financial and other measures of performance and services levels and recommend the Annual Report to the Governing Body
3. Approve acquisition and disposal of property related to the Committee’s responsibilities.
4. Review and approve financial policy and non-budgeted expenditure.

### 1. Strategic Reviews: Long-term Plan 2018-2028 Development

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
<th>Expected timeframes Highlight financial year quarter and state month if known</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Rating and funding policy</td>
<td>General Rates, Interim transport levy (Remain as a funding source or alternative option implemented), New targeted rates (water quality and natural environment), Regional Fuel Tax, Business rates differentials, Local targeted rate (for specific local activities), Local Board targeted rates (for specific local projects), Revenue and financing policy, Rates remission and postponement policy, Panuku disposals and reinvestment in unlock locations</td>
<td>Recommend changes for Mayoral Proposal, Decide on Mayoral Proposal for inclusion in consultation document, Consider submissions, Decide on final LTP</td>
<td>FY17 Jul-Sep, Oct-Dec, Jan-Mar, Apr-Jun</td>
<td>Q1 Q2 Q3 Q4 Delegations include development of the Long-term Plan 2018-2028 including financial policy, Preparation of the consultation document and supporting information for recommendation to the Governing Body</td>
</tr>
<tr>
<td>1.2</td>
<td>Expenditure Review</td>
<td>Key focus areas for net cost reduction, Identifying programmes for Maori outcomes, Local board ‘one local initiative’ governance funding review, Capex review</td>
<td>Recommend changes for Mayoral Proposal, Decide on Mayoral Proposal for inclusion in consultation document</td>
<td></td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>1.3</td>
<td>Long-term Plan process</td>
<td>Statutory process – including hearings for community to be heard and local board engagement meetings (Have Your Say events), Approach to communication of investments in LB areas to be considered, Elected members consideration of feedback, Decision-making for Long-term Plan, Long-term Plan adoption</td>
<td>Agree consultation items, Adopt consultation documents and supporting material and recommend to Governing Body, Adopt local board agreements, Adopt Long-term Plan and set rates and recommend to Governing Body</td>
<td></td>
<td>Q1 Q2 Q3 Q4 See end table for programme</td>
</tr>
<tr>
<td>Priority #</td>
<td>Area of work</td>
<td>Reason for work</td>
<td>Finance and Performance Committee role (decision or direction)</td>
<td>F&amp;P Delegations</td>
<td>Expected timeframes highlight financial year quarter and stated month if known</td>
</tr>
<tr>
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</tbody>
</table>
| 1.4       | Finance Infrastructure Targeted Rates, Development Contributions, Local Targeted Rate for local activities, Local Board targeted rate for specific projects | • Growth Infrastructure Targeted Rates – if required to be implemented to a specific growth area  
• Development Contributions – amendment to the Contributions policy  
• Local targeted rate for local activities – this may be considered dependant on the Governance Review project decisions  
• Local Board targeted rate for specific projects – if the Local Board would like to consult on implementing a local targeted rate for specific project in their area | Update  
Recommend changes for Mayoral Proposal  
Decide on Mayoral Proposal for inclusion in consultation document  
Consider submissions  
Decide on final LTP | Delegations include development of the Long-term Plan 2018-2028 including financial policy. Preparation of the consultation document and supporting information for recommendation to the Governing Body | FY17: Q1  
Oct-Dec  
Jan-Mar  
Apr-Jun |
| 2.1       | Quarterly business improvements and performance report                         | To monitor council parent financial and non-financial performance results | Receive generally no decisions | Q1  
Sep  
Nov  
Mar  
Q4 May |
| 2.2       | Auckland Council group quarterly financial results                            | To monitor Auckland Council group financial performance | Receive generally no decisions | Q1  
Sep  
Nov  
Mar  
Q4 May |
| 2.3       | CCO financial monitoring (separate from governance or strategic planning issues) | To monitor CCO financial and non-financial performance results | Receive validate/challenge | Q1  
Sep  
Nov  
Q3  
O3  
Mar  
Q4 May |
| 2.4       | Maori Transformational Activity and Expenditure Report and                   | To monitor progress on expenditure and delivery of Maori transformational activity | Receive generally no decisions | Q1  
Aug  
Nov  
Q3  
Feb  
May |
|           | Te Tiriti O Waitangi Audit Response Work Programme                            | To monitor progress in responding to 3 yearly Te Tiriti O Waitangi audit | Receive generally no decisions | Q1  
Aug  
Nov  
Q3  
Feb  
Q4 May |
| 2.5       | Review of non-rateable land                                                   | Programme required to ensure Council’s policies are being implemented consistently | Decision on whether or not land should be rated | Q1  
Sep (memo)  
Q2  
Dec  
Q3  
Q4 | |
| 2.6       | Annual Report / half year reports                                            | Statutory requirement | Recommend to Governing Body | The committee delegations include recommending the Annual Report to the Governing Body | Q1  
Sep  
Q2  
Q3  
Mar  
Q4 |
### 3. Acquisitions and disposals

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Recommended disposals or acquisitions (taking care to consider LB input). These reports are as required, but generally monthly.</td>
<td>Panuku Development Auckland is tasked with identifying council owned land that is surplus to requirements.</td>
<td><strong>Decision</strong> to proceed with recommended disposals or acquisitions.</td>
<td>Delegations include *Acquisition and disposal of property related to the Committee’s responsibilities. Note – this includes parks acquisitions in excess of delegations of Environment and Community Committee</td>
</tr>
</tbody>
</table>

#### Expected timeframes

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-Sep</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Oct-Dec</td>
<td></td>
<td>Q3</td>
</tr>
<tr>
<td>Jan-Mar</td>
<td></td>
<td>Q4</td>
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<tr>
<td>Apr-Jun</td>
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</table>

### 4. Other Financial Decisions

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Auckland Regional Amenities Levy</td>
<td>Statutory process</td>
<td><strong>Decision</strong> to approve submission on draft Funding Plan</td>
<td>Q1 Q2 Q3 Q4 Mar</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Decision</strong> to approve levies</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>MOTAT and Auckland War Memorial Museum Levy</td>
<td>Statutory process</td>
<td><strong>Decision</strong> to approve levies</td>
<td>Q1 Q2 Q3 Q4 Mar</td>
</tr>
<tr>
<td>4.3</td>
<td>Loan write-offs and restructuring (as required)</td>
<td>Responding to proposals and recommendations</td>
<td><strong>Decision</strong> to approve proposed write-offs and restructuring</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>4.4</td>
<td>Review of existing community loans and guarantees, consideration of new applications and development of a policy framework</td>
<td>Existing arrangements have been entered into without clear policy direction</td>
<td><strong>Decision</strong> on whether Council should continue, change or exit from existing arrangements</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>4.5</td>
<td>Budget Update (as required). This includes significant unbudgeted one off expenditure.</td>
<td>Financial management</td>
<td><strong>Decision</strong> to agree recommended budget changes outside of AP/LTP budgeting cycle.</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>Priority #</td>
<td>Area of work</td>
<td>Reason for work</td>
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<tr>
<td>4.6</td>
<td>Development contributions policy review</td>
<td>Work request by committee</td>
<td><strong>Decision</strong> on whether to amend current DC policy</td>
<td></td>
</tr>
<tr>
<td>4.7</td>
<td>Consideration and adoption of Group policies for Treasury, Insurance and Procurement (includes formal Treasury Management Policy)</td>
<td>Mayoral Office request</td>
<td><strong>Decision</strong> on whether to amend current policy</td>
<td></td>
</tr>
<tr>
<td>4.8</td>
<td>Consideration and adoption of Group policy relating to Business Cases</td>
<td>Mayoral Office request</td>
<td><strong>Decision</strong> on whether to adopt a new policy</td>
<td></td>
</tr>
<tr>
<td>4.9</td>
<td>Consideration and adoption of Group policies for Employee Expenses, Gifts and Declarations</td>
<td>Mayoral Office request</td>
<td>This item is now going to G8 on 22 March and will not be taken to F &amp; P.</td>
<td></td>
</tr>
<tr>
<td>4.10</td>
<td>Insurance placement 2018-19</td>
<td>Financial Management</td>
<td><strong>Approve</strong> insurance renewal placement for 2018-19</td>
<td></td>
</tr>
<tr>
<td>4.11</td>
<td>Consideration and adoption of Group policies for Performance Bonds</td>
<td>Mayoral Office request</td>
<td><strong>Decide</strong> whether to amend current policy</td>
<td></td>
</tr>
<tr>
<td>Priority #</td>
<td>Area of work</td>
<td>Reason for work</td>
<td>Finance and Performance Committee role (decision or direction)</td>
<td>F&amp;P Delegations</td>
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<tr>
<td>4.12</td>
<td>Value for Money Review Programme</td>
<td>Section 17A requirement</td>
<td>Final Reports (Tranche 1) and Draft Terms of Reference (Tranche 2) for approval</td>
<td></td>
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<td></td>
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<td></td>
<td>Final Reports (Tranche 1) for approval</td>
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<td>Terms of Reference (Tranche 3) for approval</td>
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<td>Final Reports (Tranche 2) and Terms of Reference (Tranche 4) for approval</td>
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<td>Final Reports (Tranche 3) for approval</td>
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<td>Final Report (Tranche 4) for approval</td>
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<td>Draft Terms of Reference (Tranche 5) for approval</td>
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<td></td>
<td></td>
<td></td>
<td>Final Report (Tranche 4) for approval</td>
<td></td>
</tr>
<tr>
<td>4.13</td>
<td>Statements of Intent</td>
<td>Shareholder feedback on draft SOIs</td>
<td>Decide on shareholder comment on SOIs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Exercising relevant powers under Schedule 8 of the Local Government Act 2002, which relate to the Statements of Intent of COGs</td>
<td></td>
</tr>
</tbody>
</table>
Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Finance and Performance Committee:

a) exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

16 Rates remission and postponement policy review - Attachment G - List of remissions for community and sports organisations

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. Public inspection of remissions for individual rating units is not permitted under s38(1)(e) of the Local Government (Rating) Act 2002.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>

C1 Acquisition of land for open space - Redhills Precinct

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). In particular, the report identifies land the council seeks to acquire for open space purposes.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>