Date: Tuesday 16 April 2019  
Time: 9.30am  
Meeting Room: Reception Lounge  
Venue: Auckland Town Hall  
301-305 Queen Street  
Auckland

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

OPEN ATTACHMENTS

ADDITIONAL ATTACHMENTS  
UNDER SEPARATE COVER

<table>
<thead>
<tr>
<th>ITEM</th>
<th>TABLE OF CONTENTS</th>
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<tr>
<td>11</td>
<td>Finance and Performance Committee - Information Report - 16 April 2019</td>
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<td>B.</td>
<td>14 March 2019 - Annual Budget Regional Stakeholder Event</td>
<td>3</td>
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<td>C.</td>
<td>21 March 2019 Memo from Manager CCO Governance and External Partnerships - Accountability Review programme - progress report</td>
<td>43</td>
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<td>D.</td>
<td>2 April 2019 - Workshop (Infrastructure Governance)</td>
<td>53</td>
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</tbody>
</table>

Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee
Regional Stakeholders Have Your Say Event

MINUTES

Minutes of a Finance and Performance Committee Regional Stakeholders Have Your Say Event held in Meeting Room 1, Level 26, 135 Albert Street, Auckland on Thursday, 14 March 2019 at 2.10pm.

PRESENT

Chairperson
Cr Ross Clow
Cr Desley Simpson, JP
Cr Josephine Bartley
Cr Dr Cathy Casey
Deputy Mayor Bill Cashmore
Cr Fa’anana Efeso Collins
Cr Linda Cooper, JP
Cr Chris Darby
Cr Hon Christine Fletcher, QSO
Mayor Hon Phil Goff, JP
Cr Mike Lee
Cr Daniel Newman, JP
Cr Sharon Stewart, QSM
Cr Wayne Walker
Cr John Watson
Cr Paul Young

Deputy Chairperson
From 4.00pm
Presiding as Chairperson

Members

From 4.00pm

Until 2.30pm, returned 4.00pm

Until 2.50pm, returned 3.10pm

Until 2.20pm, returned 2.48pm

APOLOGIES

Cr Alf Filipaina
Cr Richard Hills
Cr Penny Hulse
Cr Greg Sayers

Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.
Purpose of the event:
- To enable Regional Stakeholders to provide feedback to the decision makers on Council’s Annual Budget 2019/2020 and the proposed amendment on the 10-year Budget 2018-2028 regarding property transfers.

<table>
<thead>
<tr>
<th>ITEM</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apologies</td>
</tr>
<tr>
<td></td>
<td>Apologies from Cr E Collins for lateness, Cr G Sayers for absence on council business and Cr A Filipaina, Cr R Hills and Cr P Hulse for absence were noted.</td>
</tr>
<tr>
<td>2</td>
<td>Declaration of Interest</td>
</tr>
<tr>
<td></td>
<td>There were none.</td>
</tr>
</tbody>
</table>

3. TIMETABLE

The following Regional Stakeholder organisations presented.

<table>
<thead>
<tr>
<th>Time</th>
<th>Organisation</th>
<th>Representatives</th>
<th>Additional information provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.00pm</td>
<td>Westhaven Marina Users Association</td>
<td>Euan Little</td>
<td></td>
</tr>
<tr>
<td>2.15pm</td>
<td>New Zealand Cruise Association</td>
<td>Kevin O’Sullivan</td>
<td>Written submission</td>
</tr>
<tr>
<td>2.30pm</td>
<td>Federated Farmers</td>
<td>Richard Gardner and Allan Cole</td>
<td>Written submission</td>
</tr>
<tr>
<td>2.45pm</td>
<td>InterChurch Bureau</td>
<td>Chris Bethwaite</td>
<td>Written submission</td>
</tr>
<tr>
<td>3.00pm</td>
<td>Elim Christian Centre</td>
<td>John Roberts</td>
<td>Written submission</td>
</tr>
<tr>
<td>3.15pm</td>
<td>Belong Aotea (formerly ARMS Trust)</td>
<td>Rochana Sheward and Malu Malo Fuiava</td>
<td>PowerPoint presentation</td>
</tr>
<tr>
<td>3.30pm</td>
<td>Waimeka Accommodation Providers Group</td>
<td>Grant Crawford and Kim Rae</td>
<td>PowerPoint presentation</td>
</tr>
<tr>
<td>3.40pm</td>
<td>Auckland Marina Users Association Inc</td>
<td>Richard Steel and Peter Busfield</td>
<td>PowerPoint presentation and written submission</td>
</tr>
<tr>
<td>3.50pm</td>
<td>St Mary’s Bay Association</td>
<td>David Abbott, Dirk Hudig, Wendy Moffatt and John Hill</td>
<td>PowerPoint presentation and letter from Watercare dated 5 March was tabled</td>
</tr>
</tbody>
</table>

The event closed at 4.35pm.
Thank you for the opportunity to submit on the Auckland Council’s Annual Budget 2019/2020.

My name is Kevin O’Sullivan and I am speaking on behalf of the New Zealand Cruise Association.

New Zealand Cruise Association wishes to comment specifically on one item under Section 1: Rating Matters and Fees and Charges, namely the Proposed changes to harboumaster fees.

**New Zealand Cruise Association**
New Zealand Cruise Association (NZCA) is the industry body of the New Zealand cruise sector. NZCA has around 100 member organisations spanning the entirety of New Zealand’s cruise sector, representing a broad range of businesses and other entities that rely on, benefit from, or are otherwise positively affected by the cruise sector. This includes cruise lines, ports, airports, airlines, regional tourism organisations and development agencies, local government, shipping agents, ground handlers, provedores, transport and service providers and tour operators.

**Submission**
Council is proposing to recover an additional $210,000 in revenue using a range of fees including charging foreign vessels over 40 metres in length $20 per metre (plus GST) for anchoring or using dynamic positioning (DP) in the navigable waters of Auckland. NZCA wishes to submit on the effects of the proposal on cruise ship costs.

The only cruise ship that would be captured by this fee, currently, is the Ovation of the Seas which has to use DP, as it is too long to berth at the available wharves in the port. Cruise ships do occasionally anchor off Waiheke Island, but this is uncommon, probably only once or twice a year.

The Ovation of the Seas is 348 metres in length so it would attract a fee of $6,960 (plus GST) for each visit. The ship will visit Auckland 8 times in the 2019-20 season (July to June) which would be a total of $55,680 (plus GST).

New Zealand Cruise Association submits that this fee serves no useful purpose and is unreasonable because the ship is forced to use DP as it has been denied a berth. When the mooring dolphin is constructed the Ovation will be able to berth at Queens Wharf, and will no longer be charged for dynamic positioning.

Far from getting a free ride the charges already levied on the Ovation of the Seas, by Ports of Auckland, for using port facilities, are more than $65,000, for each visit. These charges encompass port fees, pilotage (including an extra charge for having a pilot remain on
board), navigation safety charges, tug standby, and a fee for the landing pontoons that tenders use to transfer passengers.

Ports of Auckland is part of the Auckland Council family and is already taking a large fee for this ship (which will increase once the Ovation can berth alongside in the 2020-21 season).

The fees are promoted as cost recovery, but harbormaster costs associated with such vessels are not at all transparent, and it does appear that an arbitrary amount for this fee has been proposed by Council.

New Zealand is already a very expensive country for cruise ships to visit and more charges seem to be proposed every year – we are approaching a total cost, for many cruise ships, that could prove to be the tipping point.

We submit that this charge should not be levied now or in the future.

**Recommendation**

- Don’t implement a blanket charge – if there are costs associated with vessels anchoring or using DP then recover them directly;
- Work with Ports of Auckland on any recovery of costs – don’t bring in yet another charge.

Yours sincerely

Kevin O’Sullivan  
Chief Executive Officer  
New Zealand Cruise Association  

14 March 2019
To: AUCKLAND COUNCIL

On the: AUCKLAND COUNCIL'S ANNUAL BUDGET 2019 / 2020

Date: 14 March 2019

Presenters: Alan Cole
Richard Gardner

(Apologies from Andrew MacLean, President)

Contact: Richard Gardner
Senior Policy Advisor
Federated Farmers of New Zealand

Private Bag 92-066
AUCKLAND 1142

P: 09 379 0057
F: 09 379 0782
E: rgardner@fedfarm.org.nz
Finance and Performance Committee  
16 April 2019

PRESENTATION TO AUCKLAND COUNCIL
ON: AUCKLAND COUNCIL’S ANNUAL BUDGET 2019 / 2020

Federated Farmers of New Zealand thanks the Auckland Council for the opportunity to comment on its Annual Budget 2019 / 2020.

ANNUAL BUDGET

Federated Farmers generally supported last year’s Long Term Plan, and continues to support it and this year’s Annual Budget … BUT

- We continue to be disappointed that the proclaimed 2½% rate increase did not and does not include the costs associated with new spending on water quality and environmental enhancement.

- We recall that, locally, some farmers have been faced with larger rate increases which were brought about by higher than average increases in value of nearby lifestyle blocks

====> The need to separate “farm” from “lifestyle” in rural Auckland is becoming pressing.

We think this could largely be achieved by treating the valuation of farms differently from the valuation of lifestyle blocks.

Water Quality Targeted Rate

Federated Farmers continues to support the Water Quality Targeted Rate

- We congratulate the Council on getting its water improvement programme under way.

- We understand that many of the water quality issues in Auckland are urban water quality issues. We welcome the recognition, in the March “Our Auckland” publication, that, hectare per hectare, the impact of (probably) the worst performing dairy farm is nothing compared to the impact of urbanisation on waterways.

- Nevertheless, rural Auckland is expecting the Council to continue to implement the government’s, and the country’s, expectations, as set out in the National Policy Statement for Freshwater Management, in rural areas.

- And we are expecting a fair proportion of the funds raised through the water quality targeted rate being used to fund water quality issues in rural areas. We support the Hoteo sediment reduction program in the Clevedon / Wairoa, Kaipara / Kumeu catchments.

- In this context we reiterate that some West Coast rivers are becoming clogged with weeds (eg Kaipara River), and that a program needs to be developed to address this issue
Sepic tank and on-site wastewater education and compliance program (phasing out the Watakere rural sewerage service and targeted rate)

- Federated Farmers supports the introduction of a region-wide compliance scheme for on-site wastewater systems, funded from the Water Quality Targeted rate. We support it being the property owners’ responsibility to have their on-site wastewater systems inspected and maintained to a satisfactory standard.

- But we think it is the Council’s responsibility to ensure that those who offer themselves to be contracted by property owners to undertake the service carry out their task efficiently and to a satisfactory standard.

Natural Environment Targeted Rate

Federated Farmers continues to support the Environment Targeted Rate

- We understand a good proportion of the funds raised are being used to fund environment issues in rural areas, such as Kauri Dieback Disease and better protecting native species and ecosystems

- We suggest that the West Coast rivers issue could be addressed from this fund

Rates and Charges

Federated Farmers supports the general rate increase of 2½%, rising to 3½% over the rest of the period covered by the Long Term Plan.

- But this is greater than CPI inflation (1.9%), which suggests Council has not got its costs adequately under control

- Council must look to reducing it’s costs where possible, and making greater efficiency gains

- The proposed increases in fees and charges are not opposed, but user pays is an area where Council needs to be ever vigilant in ensuring it is using best practice, and making the most efficient use of its resources as is possible

- The apparent 20% increase in the waste management targeted base rate service charge is of concern in this context

- We continue to contend that, over time, the UAGC needs to rise to be much closer to the 30% allowable

Minimising Waste

Federated Farmers supports the Council clamping down on illegal “fly-dumping”.

- We are concerned that the more stringent rules in the Waste Management and Minimisation Plan could lead to an increased frequency of “fly-dumping”, which mainly happens in rural areas
attachment b

item 11

• Recommend continuing efforts be put into tracking and prosecuting illegal fly-dumpers
• Recommend that some funding be allocated for cleaning up illegal fly-dumping sites

transport

federated farmers supported the introduction of a regional fuel tax, but with some provisos, including that a fair proportion of the funds raised be used to fund rural projects

• While an arguably fair proportion of funds appear to have been allocated to rural roads, we are concerned that the spending of these funds appears to have been deferred.
• We generally support the spending on rural road safety programs, but have yet to finalise a position on the proposed reductions in rural road speed limits.

other

federated farmers supports the proposed spending on auckland emergency management.

• We have been liaising with the auckland emergency management team, in the development of the pathways to preparedness: a planning framework for recovery document, which we understand is likely to be ready for adoption in August.

federated farmers supports the proposal to transfer the legal ownership of panuku’s waterfront properties to the council.

federated farmers supports the proposal to adjust the urban rating area.

federated farmers supports the proposed changes to the rating of religious use properties.

federated farmers supports the key priorities and spending programs that are proposed to be continued in the forthcoming year, by the franklin and rodney local boards.

• As regards the rodney local board’s transport initiatives and the rodney local board transport targeted rate, I note that federated farmers made a submission on auckland transport’s regional public transport plan, asking AT to consider funding the initiatives itself on the same basis as funding is provided for other public transport services in auckland. This would free up local board funding for such things as environmental initiatives.
Annual Budget feedback

Submitter details

Date received: 6 Mar 2019 17:11
Attachment:

First name: Chris  Last name: Bethwaite
Organisation name: InterChurch Bureau
Local Board: Howick

Email address: chris@elim.nz
Street address: Suburb:
City: Postcode:

Gender: Age: Ethnicity:

Feedback

1. Changes to rates and fees

We are proposing a small number of rating and fee changes for 2019/2020.

These changes include:

- a $20.67 increase to the annual waste management charge to cover increased costs
- extending the food scraps targeted rate to 2,000 properties in the former North Shore trial area to whom the service is available
- phasing out the Waitakere rural sewerage service and targeted rate over a two-year period (2019/2020 - 2020/2021)
- adjusting the urban rating boundary to apply urban rates to 400 properties in recently urbanised areas (that receive the same services as their adjacent urban neighbours)
- not charging rates on some parts of the land owned by religious organisations, and
- an increase to some regulatory fees (such as resource consent, building control, mooring fees and animal management) to cover increased costs.

Please tell us what you think about some or all of these changes:
I would like to comment in favour of the proposal to not charge rates on some parts of the land owned by religious organisations. I represent the InterChurch Bureau which represents churches across the Auckland Council area. While I consider that religious organisations already have these exemptions under the Local Government (Rating) Act 2002, nevertheless council officers believe their legal advice states otherwise. I would disagree with this advice. Christian churches in our communities provide for the spiritual, social, educational and physical needs of not only their own congregations but all members of society willing to receive their assistance. This has been consistently recognised by central government, since 1876, by way of an exemption from rates for properties by churches for the furtherance of their religious worship. Religious worship in a modern church involves far more than Sunday services and the observance of communion and baptism at ceremonies in the so called “sanctuary”. Modern places of worship are mostly founded upon community, a place where people can gather, to worship, fellowship, learn and support others. A modern church building will reflect these various aspects, often incorporating spaces for fellowship around a meal. A large community church will naturally require a sizeable auditorium, supported by public meeting spaces, possibly a hall for kids programmes and Sunday school offices for staff and substantial parking spaces (as required by council). To suggest that these are not all integral to the activities of the place of worship, making some of them rateable, is to lack understanding of how a modern church works. Church facilities are also made available for community use, covering a wide range of activities. These are often made available at no charge or a very minimal charge, certainly nothing like commercial rates and provide a valuable community service. The unintended consequence of rating any of these activities will be that either the Churches will need to charge a lot more to users, or churches will need to move out of the central city where they can occupy cheaper land. This will result in a decrease in churches in the very location that council is trying to re-populate. I strongly support the council’s plan in relation to exemptions from rates for religious organisations, but reiterate my belief that places of worship are exempt from rates on most of these activities under the law as it has been interpreted since 1876.

2. What is important to you?
Do you have any feedback on any other issues?

3. Local Board information
Which local board(s) do you want to provide feedback to?

Proposed 10 Year Budget Amendment

Panuku is Auckland Council’s urban development agency and currently owns and manages about $790 million of city centre waterfront properties. We are proposing to transfer the legal ownership of those properties to Auckland Council. Panuku would continue to manage the properties. The resulting ownership structure would reduce governance duplication, increase consistency with other development areas and maximise future flexibility. The city centre waterfront properties are strategic assets so we want to know what you think of the proposal.

What is your opinion about this proposal?
Support
<table>
<thead>
<tr>
<th>Auckland Council</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="attachmentB.png" alt="Image" /></td>
</tr>
</tbody>
</table>
Annual Budget feedback

Submitter details

Date received: 6 Mar 2019 15:03
Attachment:

First name: John    Last name: Roberts
Organisation name: Elm Christian Centre
Local Board: Waitemata

Email address: john@roberts.co.nz
Street address: Suburb:
City: Postcode:
Gender: Age: Ethnicity:

Feedback

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These charges include:
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What is your opinion about this proposal?
Vision: An inclusive, connected New Zealand where newcomer communities are able to enjoy and contribute towards our collective wellbeing and prosperity.

Mission: Driving innovation to improve newcomer settlement and integration.

Presented by: Rochana Steward, CEO & Mata Mako-Futana, Marcomms and Fundraising Manager

Annual Budget

Building Better Transport

Investing in Communities

People

Partnerships
Annual Budget

Cleaner Environment

Culture and Sports

Education

Diverse Communities

About us

Supporting migrants and refugees through community outreach projects, workshops, clinics and other initiatives to help settlement and integration.

- 63,000 clients since its establishment 2004
- 5,320 newcomers last year we worked with
- 280 service providers we connected with across Auckland
- 433 workshops and information session held for newcomers and resettled clients
- 26 short and long term projects have contributed towards civic participation, employment, inclusion, safety and health and wellbeing outcomes.

Network

Funding
Equitable access to employment and enterprise

Social isolation experienced by women from refugee and migrant backgrounds

Gaps and barriers to collaboration within the ethnic community sector

Barriers to civic participation and integration caused by wider societal attitudes and discrimination towards newcomer communities

Foster an inclusive Auckland where everyone belongs:
- Sense of community
- Sense of safety
- Quality of life
- Relative deprivation
- Aucklanders health
- Treaty of Waitangi

Improve health and wellbeing for all Aucklanders by reducing harm and disparities in opportunities

Long-term goals

Outcome: Belonging and Participation

Funding Support

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Thank you
Any questions?

Presented by: Rachana Steward CEO & Melu Mala-Fuavae Marmac and Fundraising Manager
Waiheke Accommodation Providers Group - Support for the APTR Petition

- In the letter, council has identified an issue of “FAIRNESS” in how residences that are let via online services are classified for rating purposes and advises changes have been made to their rates.
- General commercial rates introduced based on number of booked nights per year. See scale.
- Also introduced is the Accommodation Providers Targeted Rate. The APTR rate helps fund the activities of Auckland Tourism, Events and Economic Development (ATEED). ATEED is an Auckland Council-controlled organisation helping to create a future of prosperity and opportunity for Auckland.
- Rates only apply where the property is an entire dwelling or self contained unit. This vague statement has caused a lot of confusion around exceptions and exemptions - i.e. Bed and Breakfasts and single bedrooms within a home.
Holiday home owners were asked to complete a Statutory Declaration advising the number of nights their property was booked during the period 1 July 2017 and 30 June 2018. This was required to be sworn before a JP and returned to council. No due date noted on letter.

What was not clear in the declaration request is that "BOOKED" is defined as "BOOKED ONLINE". Bookings taken over the phone or other referrals do not count towards total booked nights. What is also not clear is that if you have a unit or room rented on your property, you need to apply for an apportionment which means you only pay rate increases based on the value of the unit or room.

From the council website - Charges applied from 1 July 2018. BUT, if you withdrew your listing prior to 30 June 2018 the charges will not apply. AND, if you removed your listing after 30 June 2018 the charges do apply for the 2018/2019 rating year but will not apply in future years.

Keep in mind the letter was dated end June 2018 leaving no opt out time "FAIRNESS"?

Example of rates bill at 100% commercial rating.

<table>
<thead>
<tr>
<th>Detailed rates breakdown</th>
<th>Calculation</th>
<th>Total rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation Provider - Targeted Rate - Tier 2 Zone B</td>
<td>Capital value $4,960,800 x 0.00170115</td>
<td>$83,350.94</td>
</tr>
<tr>
<td>General Rate - Rural Business</td>
<td>Capital value $4,960,800 x 0.000562827</td>
<td>$22,591.36</td>
</tr>
<tr>
<td>Natural Environment - Targeted Rate - Non Business</td>
<td>Capital value $4,960,800 x 0.000090325</td>
<td>$211.97</td>
</tr>
<tr>
<td>Uniform Annual General Charge</td>
<td>Number of separate parts x $415.80</td>
<td>$415.80</td>
</tr>
<tr>
<td>Waste Management - Base Service</td>
<td>Per service provided x 1 x $100.39</td>
<td>$100.39</td>
</tr>
<tr>
<td>Waste Management - Standard Refuse</td>
<td>Per service provided x 1 x $123.78</td>
<td>$123.78</td>
</tr>
<tr>
<td>Water Quality - Targeted Rate - Non Business</td>
<td>Capital value $4,960,800 x 0.00006675</td>
<td>$321.72</td>
</tr>
<tr>
<td><strong>Total rates assessed for 2018/2019 Excluding GST</strong></td>
<td></td>
<td>$527,074.56</td>
</tr>
</tbody>
</table>

**Rates excluding the APTR & Commercial rates would have been $10,130.34**
Waiheke Accommodation Providers have come together to understand and question the targeted accommodation rate and APTR in support of Waiheke Island holiday home owners. We are working together to collectively take action.

Issues initially identified:

- Lack of understanding of the two new rates (APTR and Commercial). Is this a tax?
- Realisation that the impact would be substantial for the immediate homeowners and for the island economy as a whole.
- General sense of confusion around the calculator and the exemptions. Flawed?
- Ridiculous timeframe of the implementation and opt-out period.
- How can you charge business rates retrospectively? Obvious adverse effect.
- No opt-out or cooling down time.
- We are all perplexed that Waiheke is in zone B vs zone C?
- ATEED funding? What are they doing for accommodation providers vs other tourism businesses on Waiheke.

WAPS goals

- Move Waiheke from zone B to zone C in the APTR.
- Move towards a “FAIR” and equitable NATIONAL “bed tax” based on a % of nightly rate.

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APTR zones and business rates

The APTR is charged at different levels depending on the area (bed and property) is located in.

<table>
<thead>
<tr>
<th>Zone</th>
<th>Local Government Area</th>
<th>APTR levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Auckland City Council</td>
<td>6.0%</td>
</tr>
<tr>
<td>B</td>
<td>Franklin, Great Barrier, Papakura, Rodney and the Waitakere Ranges</td>
<td>4.5%</td>
</tr>
<tr>
<td>C</td>
<td>Auckland Council, Waitakere, Rodney and Hauraki Gulf</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Areas not affected by APTR rate

- The APTR portion of the imposed rates help fund ATEED.
- Franklin, Great Barrier, Papakura, Rodney and the Waitakere Ranges are EXEMPT from the APTR - Why & why not Waiheke too?
- Waiheke has no Hotels - largely relies on Holiday Homes to encourage overnight visits.
- ATEED supports The Dark Sky Sanctuary on Great Barrier. Actual ATEED spend $37,000 Great Barrier - EXEMPT
- ATEED estimates direct spending across the seven Hauraki Gulf Islands at a total of $180,000 in the past year. Ref letter Mike Lee
Data received from ATEED re direct spend in the Hauraki Gulf.

Estimated ATEED Spend on Hauraki Gulf Islands Last F/Y

Titi Titi Matangi 27.3% Waiheke Island 20.2%
Rakino 8.6%
Motutapu 8.6%
Rangitoto 8.6%
Kawau 8.6%

100% WAIHEKE

Estimated ATEED spend on Hauraki Gulf Islands paid using APTR rate collected from Waiheke accommodation providers.

Waiheke 100.0%
From the ATEED website $1,000,000.00 was spent supporting the ITM Auckland SuperSprint at the Pukekohe Park Raceway in November 2017
FRANKLIN - EXEMPT

From the ATEED website $1,000,000.00 was spent supporting MCKAYSON New Zealand Women’s Open at Windross Farm Golf Course in Papakura in September/October 2017
Papakura - EXEMPT

The ATEED website lists 28 “Major Events Investments 2017/18” - *Zero on Waiheke*

---

**Attachment B**

**Item 11**

- Our data across our combined portfolios show holiday home owners have been charged an average of $1,016.92 per property towards the APTR portion of the rate increases. Keep in mind this is JUST the APTR portion which goes towards funding ATEED’s work helping to create a future of prosperity and opportunity for Auckland.

- We estimate half the 497 homes are paying the APTR with the other half being exempt as either a Bed and Breakfast or having under 28 stay nights.

- A conservative estimate of the APTR portion of the rates charged to Waiheke Island holiday homes is over $200,000 – there is no declaration as to how this will be allocated to directly benefit Waiheke Accommodation providers. When ATEED’s marketing of Auckland includes Waiheke, the material focuses on same day trips – no accommodation benefit.

- According to the Waiheke Tourism Forum, ATEED's direct spending on Waiheke Island between 1 July 2017 and 30 June 2018 was just $50,000 via the local tourism association. The $50,000 the Tourism Forum received from ATEED is spent only on running the Matiatia Visitor Information kiosk and social media marketing.

- The Waiheke Tourism Forum is a non-profit group with 72 members. 12 of the 72 members are involved with accommodation. The group promotes every sector of tourism on Waiheke.

- We have identified an issue of UNFAIRNESS - a small ATEED benefit is spread thinly over all sectors whilst the cost focused only on Accommodation sector.
Hi,

Have a look at the new slides and let me know what you think.

Cath suggested we split the second to last slide into two slides so people could see them.

How are you placed today?

Stay Waiheke Ltd
+6493725402
kim@staywaiheke.com
Kim Rae, 02-Oct-18

GC2  _Marked as resolved_
Grant Crawford, 02-Oct-18

GC3  _Re-opened_
  i can meet today - doing invoicing and GST jobs so flexible
Grant Crawford, 02-Oct-18

GC1  what's the plan with slide 3?
Grant Crawford, 02-Oct-18

GC4  have revised slides 21/22
Grant Crawford, 02-Oct-18
To recap that....

- Our data across our combined portfolios show holiday home owners have been charged an average of $1,016.92 per property towards the APTR portion of the rate increases.
- An estimate of the APTR portion of the rates charged to Waiheke Island holiday homes is over $200,000.
- According to the Waiheke Tourism Forum, ATEED’s direct spending on promoting Waiheke Island between 1 July 2017 and 30 June 2018 was $50,000.
- Areas exempt from the APTR are receiving significant ATEED funding.

All ferry travelers to/from Waiheke, whether visitor or resident pay another form of tax to Auckland Council - No other APTR destination pays this tax which goes to Auckland Transport so Waiheke is bearing most of this as well.

**Why are the holiday home owners paying the majority of this?**

The Master's Games that took place over 10 days in April 2017 was the major ATEED event in 2017. Our data shows stay nights across 300 holiday homes over this period compared with the year prior and the year after the games. Waiheke Island saw ZERO IMPACT ON STAY NIGHTS for this major ATEED event.
**Sculpture on the Gulf Event shows ZERO impact to stay**

<table>
<thead>
<tr>
<th>Year</th>
<th>Stay Nights</th>
<th>Linear (Stay Nights)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>750</td>
<td></td>
</tr>
<tr>
<td>2015/SOTG</td>
<td>1125</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1500</td>
<td></td>
</tr>
<tr>
<td>2017/SOTG</td>
<td>1875</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**THE NEW COMMERCIAL RATES CHARGED TO HOLIDAY HOME OWNERS**

<table>
<thead>
<tr>
<th>Number of Nights Booked</th>
<th>General Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 28</td>
<td>Continue to be rated as residential</td>
</tr>
<tr>
<td>29 - 135</td>
<td>Rated 75% residential and 25% business</td>
</tr>
<tr>
<td>136 - 180</td>
<td>Rated 50% residential and 50% business</td>
</tr>
<tr>
<td>More than 180</td>
<td>Rated as business</td>
</tr>
</tbody>
</table>
### Item 11

#### Attachment B

<table>
<thead>
<tr>
<th>CV</th>
<th>Rental Income</th>
<th>Rates</th>
<th>% Income to Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000,000.00</td>
<td>$106,352.03</td>
<td>$7,000.00</td>
<td>6.88%</td>
</tr>
<tr>
<td>$1,220,000.00</td>
<td>$64,757.25</td>
<td>$4,560.00</td>
<td>7.03%</td>
</tr>
<tr>
<td>$1,400,000.00</td>
<td>$42,000.00</td>
<td>$3,400.00</td>
<td>8.10%</td>
</tr>
<tr>
<td>$2,300,000.00</td>
<td>$84,644.25</td>
<td>$8,000.00</td>
<td>9.45%</td>
</tr>
<tr>
<td>$3,400,000.00</td>
<td>$112,134.00</td>
<td>$11,500.00</td>
<td>10.26%</td>
</tr>
<tr>
<td>$2,100,000.00</td>
<td>$20,518.60</td>
<td>$7,500.00</td>
<td>36.55%</td>
</tr>
<tr>
<td>$2,625,000.00</td>
<td>$23,178.00</td>
<td>$9,000.00</td>
<td>38.83%</td>
</tr>
<tr>
<td>$2,025,000.00</td>
<td>$17,430.00</td>
<td>$7,100.00</td>
<td>40.73%</td>
</tr>
<tr>
<td>$2,700,000.00</td>
<td>$19,254.23</td>
<td>$9,200.00</td>
<td>47.78%</td>
</tr>
<tr>
<td>$1,400,000.00</td>
<td>$9,535.67</td>
<td>$5,100.00</td>
<td>53.48%</td>
</tr>
<tr>
<td>$2,325,000.00</td>
<td>$13,756.50</td>
<td>$8,050.00</td>
<td>58.52%</td>
</tr>
</tbody>
</table>

---

**CV, Rates and Rental Income**

- **NET RENTAL INCOME**
- **TOTAL RATES**

*Note: Huge variation in income as compared to rates across varying property values*
Comparison of properties with similar CV's, Rental Income and Number of Guests. Rates for these properties are all between $7000 and $8000 per year.

<table>
<thead>
<tr>
<th>CV</th>
<th>Rental Income</th>
<th>Number Guests</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,100,000.00</td>
<td>$20,518.60</td>
<td>4</td>
</tr>
<tr>
<td>$2,200,000.00</td>
<td>$9,000.00</td>
<td>4</td>
</tr>
<tr>
<td>$2,325,000.00</td>
<td>$13,756.50</td>
<td>6</td>
</tr>
<tr>
<td>$2,075,000.00</td>
<td>$39,168.00</td>
<td>8</td>
</tr>
<tr>
<td>$2,025,000.00</td>
<td>$17,430.00</td>
<td>8</td>
</tr>
<tr>
<td>$1,875,000.00</td>
<td>$28,381.25</td>
<td>8</td>
</tr>
<tr>
<td>$2,075,000.00</td>
<td>$22,691.25</td>
<td>8</td>
</tr>
<tr>
<td>$2,300,000.00</td>
<td>$84,644.25</td>
<td>9</td>
</tr>
<tr>
<td>$2,000,000.00</td>
<td>$106,352.03</td>
<td>12</td>
</tr>
</tbody>
</table>

Visitor origins in traveling to Waiheke - less residents and commuters, mostly Aucklanders

Source - ATEED - September 2018
Direct impacts…

- Less holiday accommodation will be available for visitors to the island
- There will be a reduction in availability during the important shoulder seasons
- Remaining providers are choosing peak times only, to stay under the 28 days threshold
- Remaining providers are increasing nightly rates to offset new their costs
- Properties are being put on the real estate market rather than continue as they planned
- Less accommodation is available for seasonal workers
- Saturation in the long-term tenancy type rental market is expected
- Accommodation providing is now a far less sustainable business proposition

Indirect impacts…

- Less overnight visitors impacts every business sector on Waiheke - cleaners, transportation, activities, restaurants, vineyards, weddings, retailers etc
- There is now further encouragement to visit us for a day, rather than a few days
- Aucklanders pay most of the APTR as they are the largest group of visitors
- Waiheke visitors will fund APTR which is then spent in other areas
- More day visits will result in a more concentrated loading on our infrastructure
- Buyers then need to be aware they are taking on rate levels based on the previous property use
- Owners are locked in to bearing new costs against their forward bookings, at their old prices
- Many owners won’t know until year-end whether they can cover the cost of new rates
- Costs of operating are not linked to bed-nights and therefore not linked to revenue
- Waiheke becomes a more expensive destination without providing an enhanced experience
There is no sign that the full APTR collected from Waiheke will be directly spent on promoting Waiheke.

WAP’s members have indications from property owners that they agree to a fair commercial rate structure however as we have illustrated, the recently introduced rates and the method of calculating them are far … from fair.

In conclusion,

We have shown with accurate data and real examples the impact of the APTR and it’s flawed rate calculator.

This is having a profound effect on the island economy and we request the Auckland council to move Waiheke to zone C in the APTR and move us towards a “FAIR” and equitable “bed tax” based on a % of the nightly accommodation price.

How can we help Auckland Council move us to zone C and when can it be achieved by?

What is the next step?

Is a nationwide solution a more equitable way to deal with this?
REGIONAL STAKEHOLDER EVENT,
THURSDAY 14 MARCH 2019
SUBJECT - AUCKLAND REGIONAL MARINA STRATEGY

SUBMISSION BY AUCKLAND MARINA USERS ASSOCIATION INC

- 160,000+ water craft including
  - 11,400 yachts and launches
  - 55,000 trailer boats – 50,000 power
  - Circa 100,000 dinghies, wind surfers, personal watercraft etc
- Over 110 clubs and sports organisations with a minimum of 11,000 members plus an estimated 19,000 non-members engaged in marine sports in the region.
- Many more recreational fishers and other users
• 12 marinas with 6,000 berths and various ramps, haul out facilities, hardstand and dry stacking, marine services, ferry terminals, esplanades, open space etc

• Marinas are key as focal points for safe access to the water and to support the rapidly growing range of marine recreational activities and watercraft.
ANNUAL BUDGET 2019/2020
REGIONAL STAKEHOLDER EVENT, THURSDAY 14 MARCH 2019
SUBJECT - AUCKLAND REGIONAL MARINA STRATEGY
SUBMISSION BY AUCKLAND MARINA USERS ASSOCIATION INC

The **Purpose** of our submission is to request Council:-

1. To recognise the regional importance and significance of marina assets and **fund and resource the region wide marina strategy endorsed by the Planning Committee on 5 March 2019** to the level necessary to achieve robust evidenced based strategic planning decisions.

2. To recognise that cost and resource efficiency can be achieved by;

   a. coordination with current regional planning projects identified in the 10 Year Budget 2018-2028;
   b. collaborating with stakeholders who are willing and able to contribute data and information, venues for and facilitation of engagement and consultation, facilitation of data collection and relevant expertise; and
   c. establishing a Steering Committee for the marina strategy with mana whenua and stakeholder representation to capture these opportunities

3. To recognise that future use of our marinas is important to all people engaging in recreational marine activities (not just berth holders) - for safe access to the water and to support the rapidly growing range of marine recreational activities and watercraft

**Importance of a Marina Strategy**

- 160,000+ water craft including
  - 11,400 yachts and launches
  - 55,000 trailer boats – 50,000 power
  - Circa 100,000 dinghies, wind surfers, personal watercraft etc
• Auckland Yachting and Boating Association (AYBA) – 47 affiliated clubs - analysed clubs and groups in support of a sport facility plan for yachting and boating and concluded that there are over 110 clubs and sports organisations with a minimum of 11,000 members plus an estimated 19,000 non-members engaged in marine sports in the region.
• Many more people involved in recreational fishing and other informal activities
• 12 marinas with 6,000 berths and various ramps, haul out facilities, hardstand and dry stacking, marine services, ferry terminals, esplanades open space etc
• Marinas are therefore key as focal points for safe access to the water and to support the rapidly growing range of marine recreational activities and watercraft. The Akarana Marine Sports Charitable Trust and the facilities at The Landing in Okahu Bay are an example of what can be achieved.
• Quote from – Auckland Council’s Coastal Management Framework July 2017 – “Sustainable future coastal management requires a comprehensive understanding of our coastal structures and associated assets. However, considering the extent of the Auckland coast and associated modification, existing information is disparate and incomplete.”
• Marinas are some of our most significant and costly items of coastal infrastructure and not easily replaced or relocated in the future – and have a significant role to play in facilitating safe access to marine recreational activities, the Public Transport network and Civil Defence.

Coordination with Regional Planning Projects (10 Year Plan)

In the 10 Year Budget 2018-2028, Vol 2; Regional Planning is an activity with a Direct Operating Expenditure of $844 million (page 95). On page 147 key projects include:

• Developing a future framework for Auckland’s waters – note there are questions regarding Our Water Future (currently out for consultation) that are relevant to a marina strategy
Item 11

Attachment B

- Developing the Auckland Climate Change Action Plan
- Ensuring the Auckland Unitary Plan remains fit for purpose and adapts to an ever changing Auckland by evaluating the environment, social, economic and cultural outcomes it is achieving and making changes where needed.

Stakeholders Willingness to Contribute and Collaborate

- People engaged in marine recreational activities are well represented through active stakeholder organisations
  - Berth holders
  - Yacht and boat clubs
  - Fishing organisations
  - Mana whenua – waka ama
  - Coastguard
  - Civil defence

These organisations are well organised and able to contribute to a cost efficient delivery through;

- Access to existing data and historical information
- Facilitating surveys and additional data collection
- Providing venues for public meetings – Ponsonby Cruising Club have made an offer free of charge
- Expertise

Conclusion

Request to Council

1. To recognise the regional importance and significance of marina assets and fund and resource the region wide marina strategy endorsed by the Planning Committee on 5 March 2019 to the level necessary to achieve robust evidenced based strategic planning decisions.

2. To recognise that cost and resource efficiency can be achieved by;

    a. coordination with current regional planning projects;
    b. collaborating with stakeholders; and
c. establishing a Steering Committee for the marina strategy with mana whenua and stakeholder representation to capture these opportunities

3. To recognise that future use of our marinas is important to all people engaging in recreational marine activities (not just berth holders).
WE DON’T NEED THE TUNNEL
LET’S SAVE RATEPAYERS’ MONEY

Joint SMBA*, HBRA*and SASOC* presentation to Auckland Council

Thursday, 14 March 2019

* The St Mary’s Bay Association Inc
* Herne Bay Residents Association Inc
* Stop Auckland Sewage Overflows Coalition
Item 11

What are we seeking?

- Two budget adjustments relating to the St Mary’s Bay and Herne Bay catchments and the St Mary’s Bay/Marsfield Beach water project
  - Withdrawal or suspension of budget for the SMB/MB project pending review of any further need for its proposed tunnel under the cliffs.
- The tunnel (essentially a giant storage pipe) was planned before the decision to separate and the rationale has now changed.
Background

- Aging combined pipes
- Overflows into the harbour – mixed sewage/stormwater
- Shared goal: no more overflows, better water quality in Westhaven/local beaches/Waitemata harbour
- Different views on the solution: separation v. tunnel to hold sewage/stormwater
- Project commenced/funding decisions made before separation fully investigated

Community concern about the project

- Core issue – stormwater still entering the combined system
- Project to upgrade combined system, instead of separation (which removes stormwater from the wastewater, avoids spills into local beaches and the wider harbour)
- Remaining adverse effects: 1.8m internal diameter tunnel running under the cliff face for 1+ km – issues of cliff stability, damage to private property, odour stacks and interference with reserve amenities
- Community at loggerheads with council
**Progress/impediment**

- **Progress**: decision to separate (end February 2019)
- Potential to achieve in similar timeframe and at similar cost
- **But** tunnel still proposed - an additional $44 million
- This ignores potential $millions of savings and retains adverse construction effects

**Solution**

- Recognize that the decision to separate has changed the St Mary’s Bay/Masefield Beach project fundamentally:
  - The reason for the big storage pipe has gone
- Change must call for (Independent) review of need for, and reconsideration of expenditure on, the tunnel
- Existing mechanism - the Western Isthmus programme
- Opportunity to make this a Council/community collaboration – valuable precedent
5 March 2019

Mr David Abbott
Chair
St Mary's Bay Association

Mr Dirk Hudig
Co-Chair
Herne Bay Residents Association Inc.

PO Box 47376
Auckland 1144

Dear David and Dirk

Improvements in Water Quality in St Mary’s Bay and Herne Bay

Thank you for your letter from the Herne Bay and St Mary’s Bay Residents Association (the Association) seeking a clear position from Auckland Council and Watercare regarding the solution to reducing wet weather overflows in both areas.

We understand the concerns of the Association regarding the Healthy Waters stormwater tunnel and the pump back of the combined wastewater overflows, given that both catchments are largely separated with previous investment of new stormwater infrastructure by Auckland Council and private developers over the past 25 years that this investment should be utilised to complete separation of the remaining combined areas. We can advise that the pump back of the combined wastewater flows is a short term measure and will only be implemented if separation of both areas is delayed by property owners’ not providing consent to undertake separation works on their property. Once the area is separated, the pump back will be used to manage stormwater flows only. We will appreciate the support from the community to ensure that separation of the remaining combined areas is completed.

While there are internal business processes to follow, based on the fact that both areas are mainly separated, Watercare and Auckland Council have agreed that completing the separation in St Mary’s Bay and Herne Bay should proceed.

The project will be funded from within the approved Western Isthmus Water Quality Improvement Programme budget of Council and Watercare’s capital programme. While the cost share between Watercare and Auckland Council to fund the work will be determined at the completion of our investigations, it will not prevent the separation works from proceeding. The cost share is an internal matter and I have asked the Programme Director to address with the respective internal parties.

Yours sincerely

Stephen Town
Chief Executive
Auckland Council

Raveen Jaduram
Chief Executive
Watercare Services Limited
Memo

To: Governing Body
cc: Stephen Town, Phil Wilson, Nirupa George, Robert Irvine
From: Alastair Cameron, Manager CCO Governance and External Partnerships

Subject: Accountability Review programme – progress report

Purpose
1. To update the Governing Body on the improvements and outcomes made as a result of the accountability review initiated in February 2017.

Background
1. The accountability review’s objectives are to increase the accountability and value for money of CCOs by:
   - increasing the transparency of CCO decision-making
   - increasing the responsiveness of CCOs to the public and council
   - improving the recognition of ratepayer funding for CCO activity
   - increasing the ability to align CCOs to the direction set by the council.
2. The Appointments and Performance Review Committee resolved to review 17 accountability mechanisms, plus monitoring practices and resourcing. The relevant resolutions are at Attachment A. This was then confirmed by the Governing Body, as set out in the resolutions at Attachment B. The review programme is at Attachment C.
3. Six monthly updates have been provided via memo to the Governing Body.

Progress report on accountability review workstreams
4. The review is now largely complete, with improvements being made as a result of the review. These are summarised in Figure 1 and include:
   - improvements to CCO governance structures and engagement with council (e.g. board performance review processes, introduction of council / board workshops and improvements)
   - amendments to council policies and direction setting to provide create clarity and guidance (e.g. the CCO accountability policy, more detailed financial reporting in the long-term plan, the board appointment and remuneration policy, review of council’s strategic direction and plans);
   - new performance reporting templates.
5. In August 2018, the Finance and Performance Committee requested that the Statement of Intent (SOI) process is reviewed. In February 2019, the Finance and Performance Committee agreed that this review would include an assessment of the SOI performance indicators. Accountability review workstream 2b) will now be addressed as part of the SOI review.
6. More detailed information on the outcomes of each workstream is provided in Table 1. Some of these mechanisms reviewed will continue to be improved on an on-going
basis, as each cycle of direction-setting and reporting is undertaken (e.g. process for improving strategic alignment, long-term plan financial reporting improvements). This is a comprehensive suite of tools that enable council to set the strategic direction for the CCOs, and to monitor CCO performance. It is recommended that increased focus be given to using the existing tools appropriately.

Figure 1: Accountability framework and review outcomes

Table 1: Accountability review workstreams – summary of progress

<table>
<thead>
<tr>
<th>Accountability Workstream</th>
<th>Outcome of review</th>
<th>Committee Reporting</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mechanisms that were originally programmed for review</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a) CCO accountability policy – review policy</td>
<td>Policy changes clarified:</td>
<td>Governing Body</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>• council’s expectations of CCOs</td>
<td>June 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• reporting and planning requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the management of strategic assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• approval of major transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b) Section 92(2) of LGACA. Explicit direction to CCOs on the council plans and strategies that CCOs ‘must act consistently with’</td>
<td>Review concluded that the best option is to use s92(2) on case by case basis, with a decision required by the Governing Body. This approach was also recommended for local board plans. This approach enables the relevant aspects of the plan that a CCO is being asked to</td>
<td>Local Board Chairs Forum Sept 2018</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Joint Working</td>
<td></td>
</tr>
<tr>
<td>Accountability Workstream</td>
<td>Outcome of review</td>
<td>Committee Reporting</td>
<td>Status</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------</td>
<td>---------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>1c) CCO board appointments – review contract for recruitment services and appointment process</td>
<td>The process for appointing directors to CCOs, the size of the CCO boards, the criteria for appointing council’s director recruitment agency and board remuneration were all reviewed and amended.</td>
<td>APRVFM Committee, March and August 2017</td>
<td>Complete</td>
</tr>
<tr>
<td>1d) Appointment of councillors to Auckland Transport board</td>
<td>The process for the appointment of directors to the Board of Auckland Transport and the role of councillor appointments for the 2016-2019 electoral term was agreed.</td>
<td>APRVFM November 2016</td>
<td>Complete</td>
</tr>
<tr>
<td>1e) Advice to the Auditor General (OAG) on section 104 of LGACA (to review the service performance of the council and CCOs)</td>
<td>Advice provided.</td>
<td>Annual</td>
<td>On-going</td>
</tr>
<tr>
<td>1f) Councillor to CCO board workshops – clear protocols for the process</td>
<td>Protocols were developed, setting out the purpose and Councillors and board members roles.</td>
<td>Governing Body memo, March 2018</td>
<td>Complete</td>
</tr>
<tr>
<td>1g) Enhanced local decision-making for local boards for CCO Activities</td>
<td>The Governance Framework Review resulted in 38 recommendations agreed to by the Governing Body. An implementation plan has been established and progress reports by Auckland Transport are made twice a year to the Governing Body. The revised Accountability Policy requires CCOs to understand and give effect to Auckland’s shared governance.</td>
<td>Governing Body November 2017, Governing Body March 2018</td>
<td>On-going</td>
</tr>
<tr>
<td>Mechanisms that are cyclical in nature</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2a) Long-term plan - more detailed level of financial information required of CCOs</td>
<td>During the development of the LTP, more detailed financial information was required of CCOs for budgeting and reporting purposes (provided through the budget books).</td>
<td>Governing Body June 2018</td>
<td>Complete</td>
</tr>
<tr>
<td>Accountability Workstream</td>
<td>Outcome of review</td>
<td>Committee Reporting</td>
<td>Status</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>--------</td>
</tr>
<tr>
<td>for budgeting and reporting purposes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2b) Statement of Intent – Review SOI key performance indicators (KPIs) for overall consistency, appropriateness and clarity. Review existing targets to ensure they are appropriate.</strong></td>
<td>The Group Financial Planning team worked with CCOs to review the key performance indicators (KPIs) in the long-term plan, for overall consistency, appropriateness and clarity. A substantive review of KPIs for each CCO will be considered as part of the proposed Statement of Intent review.</td>
<td>Finance and Performance August 2018</td>
<td>To be incorporated into Review of SOI process – subject of a separate report</td>
</tr>
<tr>
<td><strong>2c) Quarterly reporting against the statement of intent – improve risk section, support to councillors ahead of meetings for quarterly reports, template</strong></td>
<td>Improvements to the quarterly report template were discussed at the Finance and Performance Committee in November 2018, and the new template was used for the second quarterly report in the 2018/2019 financial year.</td>
<td>Finance and Performance November 2018</td>
<td>On-going improvements</td>
</tr>
</tbody>
</table>
| **2d) Strategic direction setting and prioritisation – improving how the council specifies the outcomes it wants from CCOs and determines whether CCOs are delivering what the council (representing the public) wants** | Staff have met with CCO to discuss how CCOs can implement the Auckland Plan 2050, with a focus on aligning:  
- investment with growth and development in the Development Strategy  
- strategies to translate the high-level directions of the plan into what needs to be delivered  
- strategies, place-based plans to inform the council group service and asset management plans  
The letters of expectations to CCOs directs CCOs to align with council’s strategic priorities. | Planning Committee November 2018 | On-going |
<p>| <strong>2e) Update the Governance Manual for Substantive CCOs</strong> | The update of the governance manual to CCOs is underway. | To be reported to the Finance and Performance Committee in 2019. | Underway |</p>
<table>
<thead>
<tr>
<th>Accountability Workstream</th>
<th>Outcome of review</th>
<th>Committee Reporting</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional mechanisms for review</td>
<td>Several accountability mechanisms address the aspects provided for by s49 of LGACA (eg. Appointment and Remuneration Policy, Board Performance Review Framework, Accountability Policy, Our Charter). Development of operational rules would largely duplicate existing mechanisms.</td>
<td>NA</td>
<td>Complete</td>
</tr>
<tr>
<td>3a) Operating rules for Auckland Transport (how board operates, appointment of staff, acquire/disposal of assets)</td>
<td></td>
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</tbody>
</table>
| 3b) Additional accountability mechanisms under section 91 LGACA                           | Improvements to reporting include:  
  - New reporting to the Audit and Risk Committee  
  - Improvements to the risk section of the quarterly report template to improve overall consistency in disclosure.  
  - Updated quarterly reporting template  
  Addressed in the updated CCO Accountability Policy regarding the management of strategic assets.  
  A review of the planning requirements identified that there are currently appropriate processes and documents in place (e.g. LTP, RLTP, ATAP) to address 10-year planning requirements. | Audit and Risk Committee                  | On-going   |
|                                                                                         |                                                                                                                                                                                                                     | Finance and Performance Committee         |           |
|                                                                                         |                                                                                                                                                                                                                     | Governing Body 2018                       |           |
| 3c) Independent CCO board performance reviews led by the council as shareholder           | A new framework has been developed and is currently being trialled with Auckland Transport. The other substantive CCOs will trial it in 2019.                                                                       | APRVFM Committee May 2018                  | On-going  |
Next steps

7. The next steps are to:
   - complete the updates to the Governance Manual for substantive CCOs
   - continue to work with CCOs and council to improve strategic alignment with the Auckland Plan
   - continue to refine the information provided to councilors in the regular CCO performance reports, to best enable councilors to perform their governance role of monitoring CCO performance.
Attachment A
Appointments and Performance Review Committee resolutions

11. Accountability of Auckland Council Controlled Organisations

A PowerPoint presentation was provided. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number APP/2017/4

MOVED by Mayor P Goff, seconded by Deputy Chairperson C Fletcher:

That the Appointments and Performance Review Committee:

a) recommend to the Governing Body at its 23 February 2017 meeting, the approval of the following objectives as the basis for the council-controlled organisations accountability review:
   i) to increase the accountability and value for money of council-controlled organisations by:
      • increasing the transparency of council-controlled organisation decision-making
      • increasing the responsiveness of council-controlled organisations to the public and council
      • improving the recognition of ratepayer funding for council-controlled organisation activity
      • increasing the ability to align council-controlled organisations to the direction set by the council.

b) recommend to the Governing Body at its 23 February 2017 meeting, the approval of the scope and timing of option 2 outlined in the agenda report, which recommends that five mechanisms be added to the existing twelve-mechanism work programme within the same timeline and budget.

c) note that the existing work programme of council-controlled organisation accountability mechanisms will review the use of twelve out of twenty available tools and will proceed even if the committee does not agree to the enhanced programme described as option 2 in the agenda report.

d) agree that the progress of the council-controlled organisation accountability review be reported to Governing Body meetings as a programme of work on a quarterly basis.

e) request that as part of the council-controlled organisation accountability review, staff report back on the cost-effectiveness of the existing monitoring regime and the resource that is currently allocated to this function.

CARRIED
Attachment B
Governing Body resolutions

17 Accountability of Auckland Council Controlled Organisations - Recommendations from the Appointments and Performance Review Committee

A PowerPoint presentation was provided. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number GB/2017/17

MOVED by Mayor P Goff, seconded by Cr D Simpson:

That the Governing Body:

a) approve the following objectives as the basis for the council-controlled organisations accountability review:

i) to increase the accountability and value for money of council-controlled organisations by:
   • increasing the transparency of council-controlled organisation decision-making
   • increasing the responsiveness of council-controlled organisations to the public and council
   • improving the recognition of ratepayer funding for council-controlled organisation activity
   • increasing the ability to align council-controlled organisations to the direction set by the council.

b) approve the scope and timing of option 2 outlined in the 1 February 2017 Appointments and Performance agenda report, which recommends that five mechanisms be added to the existing twelve-mechanism work programme within the same timeline and budget.

CARRIED
Attachment A: Expanded description of proposed scope, timing and contribution of each CCO accountability mechanism

Table 1: CCO accountability mechanisms already programmed for review/use.

<table>
<thead>
<tr>
<th>Accountability mechanism</th>
<th>Proposed scope and timing of improvement/use</th>
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<tbody>
<tr>
<td>1a) The Accountability Policy for substantive CCOs – contained in the LTP. The policy must contain: council’s expectations on contributions and alignment to council objectives and priorities and any additional reporting and planning requirements (over and above normal legislative requirements).</td>
<td>Current state: Not comprehensively revised since amalgamation (with the exception of Parakau). Because the accountability policy is contained in the LTP, CCOs must give effect to it. Proposed scope of improvements: The expectations council has for individual CCOs should be reviewed to ensure they match current council priorities. Improvement of the transparency of investment decision-making undertaken by CCOs – likely to be in the form of an Investment Policy that will determine when ‘business cases’ should be approved by the shareholder (council). An investment policy will also contain expectations on how reporting and accountability of business case projects should occur. This work will improve the linking of budgeted spend to key outcomes set by council. Also propose to clarify the decision-making parameters around the combined wastewater/stormwater network in the strategic assets/major transactions section. Staff will investigate whether there is any matter that will benefit from additional planning or reporting requirements. Contribution to review objectives: increasing the ability to align CCOs to the direction set by the council. Proposed timing: a revised policy would need to be ready for consultation as part of the LTP process (workshopped September – December 2017).</td>
</tr>
<tr>
<td>1b) Section 92(2) of the Local Government (Auckland Council) Act 2006 (LGACA): Explicit direction to CCOs on council plans and strategies that CCOs must act consistently with.</td>
<td>Current state: This mechanism has been used in a limited way at this point. Council has a comprehensive array of strategies and policies, some of which CCOs lead the implementation of, some which apply to all entities within the council ‘group’ and some which CCOs contribute to. Proposed scope of improvements: since this mechanism has been used in a minor way to date, there is a significant opportunity to communicate the relevant aspects of adopted council policies to CCOs. Given that council has many policies, plans and strategies, it is proposed that this work is carried out in several tranches. The first tranche will cover the policies that councillors and</td>
</tr>
</tbody>
</table>

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1 The term ‘business case’ refers to the council investment decision-making tool that scrutinises investment decisions using five lenses (or cases): the strategic, economic, financial, commercial and management cases.
Item 11

Attachment C
Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee Workshop: MINUTES

Minutes of a workshop held in the Reception Lounge, Level 2, Auckland Town Hall, 301-305 Queen Street, Auckland on Tuesday, 2 April 2019, at 3.10pm.

PRESENT

Chairperson
Cr Ross Clow
Cr Desley Simpson, JP
Cr Dr Cathy Casey
Deputy Mayor Bill Cashmore
Cr Linda Cooper, JP
Cr Chris Darby
Cr Alf Filipaina
Cr Hon Christine Fletcher, QSO
Mayor Hon Phil Goff, JP
Cr Richard Hills
Cr Penny Hulse
Cr Greg Sayers
Cr Sharon Stewart, QSM
Cr Wayne Walker
Cr John Watson
Cr Paul Young

Deputy Chairperson

Members

APOLOGIES

Members
Cr Josephine Bartle
Cr Fa’anana Efeso Collins
IMSB Member Terence Hohneck
Cr Mike Lee
Cr Daniel Newman, JP
IMSB Chair David Taipari
Cr Sir John Walker, KNZM, CBE

For absence, on council business
For absence, on council business
For absence
For absence
Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.

Purpose of workshop:

Purpose: To brief the committee on how infrastructure project pricing is undertaken and the role of governance in overseeing infrastructure projects over its lifecycle.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>TOPIC</th>
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</table>
| 1    | Apologies  
Apologies from Cr J Bartley and Cr E Collins for absence, on council business; Cr D Newman, IMSB Chair D Taipari and IMSB Member Hohneck for absence; and Cr C Fletcher for early departure were noted. |
| 2    | Declaration of interest  
No declarations were received. |
| 3    | Infrastructure pricing and governance processes  
Dean Kimpton, Chief Operating Officer; Barry Potter, Director Infrastructure and Environmental Services; Roger McRae, Infrastructure Advisor and Graham Darlow, Infrastructure Advisor gave a PowerPoint presentation. A copy of the PowerPoint presentation is attached to these minutes.  
Cr W Walker left the meeting at 3.57pm.  
Cr C Fletcher retired from the meeting at 3.58pm.  
Cr W Walker returned to the meeting at 4.03pm. |

The workshop ended at 4.13pm.
Finance and Performance Committee Workshop

Infrastructure pricing and governance processes

Date: 2 April 2019

By: Dean Kimpton – COO Auckland Council, Roger McRae - Infrastructure Advisors, Graham Darlow - Infrastructure Advisors
Attachment D

Item 11

1. Introduction
2. Project Governance and Structure
3. Procurement options
4. Financial and Risk management
5. Infrastructure Project Governance Principles
6. Questions
Objective
To provide an overview on good governance of major infrastructure projects.
2. Project Governance and Structure
Typical Project Structure

- Client
- Project Control Group (PCG)
  - Client Project Manager
  - Project Assurance
  - Designer
  - Contractor

Attachment D  Item 11
3. Procurement options
Traditional Model (Lump Sum Fixed Price)

Project risk

- Design risk
- Client risk
- Construction risk
Alliance Model

Project risk

Alliance risk
Client, design, construction

Residual client risk
4. Financial and Risk management
Cost Estimate Risk Analysis - P50 and P90

“S” Curve (Cumulative Probability Curve)
P10, “Most Likely”, P50, Mean, P90

- Upper Confidence Level Typically P85 or P90
- Project Control Value Typically either the P50 or the Mean
- Lower Confidence Level Typically P5 or P10
- Contingency
- + % Accuracy
- - % Accuracy

Project Final Cost
Risk based cost estimating

Components of uncertainty through business case phase

Project cost (%)

- Unknown risks
- Known and quantified risks
- Base cost

Business case development phase

Strategic assessment
Indicative business case
Detailed business case
Implementation plan
Implementation

Relative Cost of an Asset

- DESIGN
- CONSTRUCTION
- OWN-OPERATE-MAINTAIN
Investment Delivery Process for a Capex Project over $22.5 Million

Key:
- Requires relevant Committee decision
- Requires Delegation/Approvals

- Long Term Plan (LTP)
  - 3 Years Review
  - Annual Plan & Budget

- Feasibility
- Planning

- Project Procurement Plan - Endorsed
  - Strategic Procurement Committee - Over $22.5m
    - DPA - Under $22.5m

- Supplier Recommendation Report (SRR)
  - SRR Design
  - SRR Construction

- Construction Commences
- Handover & Defects Liability

Probability 90 Contingency Range:
- 40-70%
- 30-40%
- 20-30%
- 10-20%
Portfolio Risk Based Cost Estimating

Long term plan - portfolio +/- 50% contingency overview

Attachment D

Item 11
5. Infrastructure Project Governance Principles
Infrastructure Project Governance Principles

- Project scope and programme well defined
- Selection of right procurement method
- Appropriate level of investigation and design
- Accurate budget (incl. contingency)
- Robust procurement process
- Fair risk allocation
- Good project management expertise
- Strong client/designer/contractor relationship
- Effective project governance structure
- Commitment to early dispute resolution
Questions?
Investment Delivery Process

Guidance Note
INITIATE PHASE/ PLAN: PRELIM DESIGN TO DETAIL DESIGN PHASE

Project scope and programme
- How well defined is the project scope?
- What is the risk of scope increase?
- How realistic is the programme?

Procurement Method
- What procurement options were considered?
- Why was the proposed procurement method chosen?
- What level of consultation was there in the selection of the procurement method?

Investigation and Design
- What is the risk of unforeseen physical conditions (ground conditions, buried services, climatic) being encountered?
- Have all necessary consents and approvals (include property acquisition) been gained?
- What level of design has been carried out and what risk is there of further design scope increases?

Budget
- What is the level of accuracy of the budget?
- Who has prepared the budget and has this been peer reviewed?
- What level of contingency has been allowed?
- What are the key risks and how could they impact cost?
PLAN: TENDER – PRE-CONTRACT AWARD STAGE

Procurement Process
- Were the tenderers consulted on the duration of the procurement programme?
- Has there been any independent review of the procurement process?
- What was the feedback on the procurement process (duration, cost)?
- What were the significant negotiation points?

Fair Risk Allocation
- What are the key risks the contractor is carrying?
- What residual risks does the owner carry?
- Is the allocation of all key risks understood by both owner and contractor?

Project Management
- What is the level of confidence in the contractor’s management team and have they managed a project of this nature and scale before?
- Does the Owner/Owner’s Representative have sufficient resources and experience to manage a project of this size and scale?
- What processes and structure has been put in place to ensure there is a strong working relationship between the Owner/Designer/Contractor?
- What work are the contractors delivering directly and what are they sub-contracting out?
- Do the works involve other members of the council group and how will they be involved?

PLAN: TENDER – PRE-CONTRACT AWARD STAGE

Project Governance
- What is the project governance process?
- Who is involved in the governance, how often do they meet, and what is their mandate?
- How is the effectiveness of the governance being reviewed?
- How will contingency be managed?

Dispute Resolution
- Are there early warning processes for potential disputes?
- Is there an alternative dispute resolution process in place in the contract?
- Is there a Dispute Review Board in place and if so what is it’s mandate?

Pre Award Checks
- What residual risks is the owner carrying?
- Is there sufficient contingency to cover residual risks?
- What is the level of comfort in the contractor’s proposed methodology?
- What is the level of confidence in the construction programme?