Date: Thursday 23 April 2020
Time: 10.00am
Meeting Room: These meetings are held remotely and can be viewed on the Auckland Council website https://councillive.aucklandcouncil.govt.nz/
Venue: 

Te Kāhui Ngārahu / Emergency Committee
OPEN MINUTE ITEM ATTACHMENTS

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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.
Dear Mayor Goff,

Re: Auckland Regional Amenities Funding Act 2008 – Council Levy 2020

Please find the below joint update from the collective amenities benefitting from Auckland Council funds levied through the Auckland Regional Amenities Funding Act 2008 (ARAFIA).

The global spread of COVID-19 is affecting every one of us. Widespread changes are being felt across all of the amenities as we work to re-orientate ourselves to the most sustainable model of funding and business delivery in these imperfect times. What has not, and will not change is our continued relevance to the city of Auckland and the significant role we each play in supporting, helping and enriching the lives of the city’s communities, individuals and visitors.

Our services are all people focussed, with current work centring on ensuring we continue to have impact in our relevant areas and remain accessible to these people throughout the current crisis. Deemed Essential Services such as Auckland Rescue Helicopter Trust, Surf Life Saving, and Coastguard have positioned themselves to continue responding and supporting our communities through these challenging times. The no less essential Auckland Philharmonia, Auckland Arts Festival, New Zealand Opera, Auckland Theatre Company, Stardome Planetarium and Drowning Prevention Auckland have strived to ensure their services and impact can continue to be provided to the homes of Auckland throughout Alerts Level 3 and 4.

Additional to the need to be agile in delivering our outcomes in this new and rapidly changing environment, each amenity is working diligently to address the erosion of historical income streams and assess what can be delivered in future years based on current income forecasts and ability to utilise reserves. The current ARAFA funding model has supported amenity growth and pursuit of excellence over the past decade in concert with significant additional community funding. The sheer-drop in this community funding ‘overnight’ has naturally placed a greater burden on ARAFA funds to cover core operations and it is reasonable to assume a permanent change or decline in the community funding landscape going forward. While this is not a unique challenge for the amenities alone, related impacts of the current COVID-19 environment forecast with high confidence that there is going to be an increased, and greater than ever demand on affordable services being provided by funded amenities as tourism and recreation has a primarily local focus over the coming financial year and beyond. This in itself has provided an additional lens to challenges for all funded amenities to respond to as we position ourselves to have greater impact while our traditional core operating funding and ability to deliver previous outcomes diminishes.

Despite the above, it is heartening to be amongst organisations who have continued to lead throughout this challenge and respond swiftly and positively to both opportunity and its antithesis over the past weeks ensuring their entities and stakeholders continue to serve and be of relevance at a time when they are needed most. Appended to this communications are some important snapshots which capture the individual challenges and successes of each of the funded amenities during the course of COVID-19.

Thank you for your ongoing support

Sincerely

Matthew Williams
Chair – Auckland Regional Amenities Board
AUCKLAND PHILHARMONIA ORCHESTRA

Although APO has had to close its doors to live audiences during this pandemic, we have thrown them wide open for a global digital audience and have been overwhelmed with the positive and engaged response we’ve had: almost 800,000 people have watched us over the last month. We’ve created new product (the musicians working individually from home) in the family and children’s education space, hopefully enabling parents to navigate this time with some fun and educational product available to them for their tamariki. If ever we wondered how important APO and the arts are to the people of Auckland, we now know the answer. In times like this music and the arts are an incredible comfort and solace to people and can make a real difference to their well-being.

We have been hard hit on the income front, being unable to fulfil an ambitious but ambitious ticket sales target of $1.8m this year, and we already have evidence of a dramatic fall in income from Trusts and Foundations. With the assistance of the government’s wage relief programme, and with staff and musician understanding, we were swift to act to move everyone to an 80% 4-day week until the end of July to do our utmost to ensure our survival.

Like everyone, we’re looking at re-modelling and re-forecasting on an almost daily basis, but we do have a particular challenge as all orchestras do – with a high percentage of people costs which are relatively fixed. Our people are also our greatest assets and will be the means by which we can keep engaged with our communities and be ready to jump back on the stage as soon as we’re able to. We are determined to fulfil our remit to bring value and creative energy to Auckland and make it a great place to live and work - and we thank a Auckland Council for its commitment to the heart of the community as well as its physical structures.

AUCKLAND RESCUE HELICOPTER TRUST

The Auckland Rescue Helicopter Trust has continued delivering critical emergency response services to Auckland throughout Alert Level 4. On top of current work as an essential service, and reviewing how they operate in a changing environment Auckland Helicopter Rescue Trust is currently presented with an unprecedented funding crisis. Following years of successful local fundraising which has not only supported an increase in operational capacity but also the acquisition of brand new aircraft in recent years, their longstanding funding model is now facing a critical decline in the current environment. This is forecast to have an immediate impact on sustainability and the trust’s ability to deliver in the next business year following significant and prolonged reductions in ARAFB funding. These reductions in core operating funds have created a critical issue for the delivery of this service at a time when supplementary fundraising sources have been eliminated overnight.

SURF LIFE SAVING NORTHERN REGION

The timing of COVID-19 saw a reduced lifesaving season and a stark change in messaging from ‘swim between the flags’ to ‘stay out of the water’ overnight. Current work has been focussed on re-assessing the delivery of our core services for the various alert level requirements, and supporting Central Government reach sound coastal use decisions throughout each alert level. Surf Life Saving Northern Region has also played a critical role in ensuring a timely Search and Rescue response for those finding themselves in need of emergency or medical response on our coastlines. Outside of core lifesaving service delivery engagement with our volunteers and the public has been re-assessed in this new digital reliant environment with production of digital resources being brought forward to meet growing current needs. Surf Life Saving is equipped to respond positively to the increased use of our coastlines and desire to recreate locally that will emerge over the next year and is working proactively with stakeholders to anticipate and respond to challenges in the lifesaving delivery and volunteer sustainability space. Current funding challenges have been exacerbated by the removal of critical operating funds and work is underway to review core business delivery and patrol coverage over in the 2021 Financial Year as new financial information comes to light.
STARDOME PLANETARIUM AND OBSERVATORY
Although unable to accept visitors to their facility, the stars are still well within reach as effort is refocussed to online activities and building capacity and capability in this area, hoping to bring distant galaxies into every Auckland home. This work is not only currently necessary but will supplement the reach and touch points Stardome continues to provide to Auckland. Following current refocussing, accelerated strategic and scenario planning, and engagement with audiences Stardome is confident on its ability to remain impactful throughout the alert levels though they may not reopen immediately when level two comes into play.

DROWNING PREVENTION AUCKLAND
With activity and recreation focussed on the home environment Drowning Prevention Auckland has played a heightened role in ensuring these homes remain safe and free from drowning, working to remove any rise in complacency regarding pools, baths and bodies of water in and around the home, which continue to negatively impact the drowning toll. The recent environment has also catalysed the roll out of the e-learning platforms to ensure availability of information in all times. Supplementing the e-learning platform a series of engagements are being rolled out through podcasts and webinars. Aside from these key initiatives operationalising the revised strategic plan, improvement in processes and reviewing financial planning for 2021 Financial Year remain priorities.

AUCKLAND THEATRE COMPANY
Far more than a physical location for performance of the arts to be shared and enjoyed the Auckland Theatre Company is currently reviewing ways to remain vital and audience and artist engagement through online creative productions with key and emerging new audiences. Primary focus has been centred on a well-managed response to the COVID-19 restrictions that have resulted in large scale cancellations of productions and work in schools, alongside the related terminal decline in revenue from commercial operations. Due to the nature of traditional engagement Auckland Theatre Company is reviewing its future operations which will result in a significant scale back in expenditure and activity. An emerging challenge is presented in the lump-sum ground lease of $4.9mil which is expected in December of 2021, specific engagement with council will be sought on this matter.

NEW ZEALAND OPERA
Although traditional attendance has been halted, New Zealand Opera continues to reach audiences with deepened connections through digital channels and personal check-ins and engagements. The organisation has moved swiftly to cancel, curtail or reschedule where necessary, principally completing the Auckland season of current Auckland works. While the collaborative nature of work means current reshuffling of events is expected to have a domino effect on subsequent works, the New Zealand Opera is positioning itself to capitalise off the forecast increase in patronage and domestic acting opportunity as borders remain closed and tourism is focussed domestically and to focus on the continued progress of the bi-cultural framework for Māori engagement with Te Amokura Consultants. The opportunity is ripe for New Zealand Opera to re-engage audiences who may have sought cultural experiences abroad and to draw on the personal connection of artists to their audience as a deliberate strategy. Internally Development and Finance Teams have been focused on establishing the financial sustainability of funding for 2020 via all channels.

AUCKLAND ARTS FESTIVAL
The Auckland Arts Festival 2020 had a very successful opening week, but the overall Festival was heavily impacted by COVID-19 – what was to be a 19-day Festival became an eight-day Festival with more than 80 performances and events cancelled. This has had a major impact on the Festival’s expected box office income and financial result for the 2020 festival. As the region’s largest multi-arts event, the Festival plays a crucial role in the recovery of the arts and events sector in Auckland, and is proceeding with planning and programming the 2021 Festival. Numerous projects are under discussion with Auckland arts companies, and a call to artists across Tāmaki Makaurau for projects across all art forms will go out in May. The Festival is placing an emphasis on commissioning and presenting works to tell the stories of Tāmaki Makaurau with a commitment to investing in Auckland artists and arts companies, business and venues, and driving domestic tourism for Auckland. The funding levy is essential to delivering this plan and programme right across the communities of Auckland, building on the success, accessibility and reach of Auckland Arts Festivals to date.
22 April 2020

Phil Goff
Mayor of Auckland
Auckland Council
Private Bag 92300
Victoria Street West
Auckland 1142

By email: phil.goff@aucklandcouncil.govt.nz, stephen.town@aucklandcouncil.govt.nz

Dear Phil and Stephen

**Annual Levy 2020-2021 – Reduced Levy Requirement**

I refer to the draft 2020-2021 Funding Plan ("Plan") provided to Council by the Funding Board on 5 March 2020, and my subsequent letter dated 9 March 2020 advising of the reduced levy requirement due to the withdrawal of Coastguard Northern Region’s funding application. I understand the matter of the annual levy is due to be considered at Council’s Te Kahut Ngarahu/Emergency Committee meeting at 10am tomorrow morning ("Meeting").

As you know, the Plan was prepared prior to the emergency measures introduced by the New Zealand Government in response to the COVID-19 pandemic. The Funding Board understands these have created unprecedented fiscal challenges for Council, which has suffered a significant drop in revenue as a result.

In response to these challenges, the Funding Board was advised that Council is asking all Council funded organisations to agree to remain at their current levels of funding for the 2020-2021 funding year, rather than seek increases.

The Funding Board passed that information on to all specified amenities that had been provisionally allocated funding in the Plan ("Amenities"). In acknowledgment of the extraordinary circumstances faced by Council, the Amenities have unanimously agreed to reduce the amounts of funding sought by each of them for the 2020-21 funding year. The Amenities have agreed to accept grant funding for 2020-21 at the same levels they received for the 2019-2020 funding year based on the express understanding that it will be approved by the Emergency Committee on 23 April 2020.

The Funding Board has met to consider these reduced applications and, having regard to its obligations under the Act, has agreed to revise the Plan to reflect its approval of them.

**The revised levy requested for 2020-21 is $14,680,500** made up as shown in Table 1 attached to this letter. As Coastguard Northern Region is no longer a specified amenity, the revised levy requirement has taken that into account and earlier provisional allocation excluded.

In acknowledgment of the position taken by the Amenities, the Board has also agreed that the honoraria to be paid to its members under the Act should remain at the level for the 2019/2020 funding year and the Plan will be revised to reflect this (see attached Table 2).

The revisions to the Plan have been made on the basis that they respond to extraordinary circumstances. As such, they do not set a precedent for any future decisions made by the Board or Council under the Act, and any future funding applications by the Amenities will not be prejudiced by them. The Board is anticipating that the
AUCKLAND REGIONAL AMENITIES FUNDING BOARD

Auckland Regional Amenities Funding Board
P O Box 6969, Victoria Street West
Auckland 1142
araf.info@gmail.com

Amenities acceptance of a reduced levy will find favour with Council however, in the event Council fails to approve the levy, the Funding Board reserves its right to submit in any consequential arbitration that the levy proposed in the March Funding Plan (prior to revision downwards at Council’s request) remains appropriate.

In the very limited time available, it will not be possible for the Board to completely revise the Plan to reflect the above changes prior to the vote at tomorrow’s Meeting. However, the Emergency Committee’s consideration and vote should take place on the basis that the changes have already been made. It follows that Council will be voting on the revised Plan and to approve the revised levy, as set out in the attached table. A copy of the revised Plan will be provided to Council as soon as practicable after the Funding Board has met on 28 April 2020.

If the revised Plan and levy request are approved by Council at the Meeting, the Board will subsequently deliberate on the revised Plan on 28 April in accord with its obligations under s 30 of the Act.

If you have any questions, please do not hesitate to contact me.

Yours sincerely

Anita Killeen
Chair
Auckland Regional Amenities Funding Board

CC:
Councillor Desley Simpson
Alastair Cameron – Auckland Council
AUCKLAND REGIONAL AMENITIES FUNDING BOARD

Table 1: Levy Requirements – Auckland Regional Amenities Funding Board – 2020-2021

<table>
<thead>
<tr>
<th>Specified Amenity</th>
<th>Grant Allocation 2019-2020</th>
<th>Amenity Funding Application 2020-2021</th>
<th>Revised Grant Allocation 2020-2021</th>
<th>Year on Year Change 2019-2020 to 2020-2021</th>
</tr>
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<tbody>
<tr>
<td>Auckland Festival Trust</td>
<td>$3,837,000</td>
<td>$4,250,000</td>
<td>$3,837,000</td>
<td>No Change</td>
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<td>Auckland Philharmonia Trust</td>
<td>$2,267,000</td>
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<tr>
<td>Auckland Rescue Helicopter Trust</td>
<td>$450,000</td>
<td>$1,074,045</td>
<td>$450,000</td>
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<td>Auckland Theatre Company Ltd</td>
<td>$1,800,000</td>
<td>$2,075,000</td>
<td>$1,800,000</td>
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</tr>
<tr>
<td>Drowning Prevention Auckland-WaterSafe Auckland</td>
<td>$1,050,000</td>
<td>$1,075,000</td>
<td>$1,050,000</td>
<td>No Change</td>
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<tr>
<td>Incorporated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand Opera Limited</td>
<td>$1,100,000</td>
<td>$1,500,000</td>
<td>$1,100,000</td>
<td>No Change</td>
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<tr>
<td>Stardome – Auckland Observatory and Planetarium Trust</td>
<td>$1,440,500</td>
<td>$1,550,000</td>
<td>$1,440,500</td>
<td>No Change</td>
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<tr>
<td>Surf Life Saving Northern Region Incorporated</td>
<td>$1,396,000</td>
<td>$1,550,000</td>
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<td>No Change</td>
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<tr>
<td><strong>Total Grants Payable</strong></td>
<td><strong>$14,340,500</strong></td>
<td><strong>$17,042,545</strong></td>
<td><strong>$14,340,500</strong></td>
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<td>Funding Board administration budget</td>
<td>$340,000</td>
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<td>No Change</td>
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<td><strong>Total Levy Payable by Auckland Council</strong></td>
<td><strong>$14,680,500</strong></td>
<td><strong>$17,392,545</strong></td>
<td><strong>$14,680,500</strong></td>
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Table 2: The Funding Board is proposing that the rates of remuneration for 2020-2021 remain unchanged for 2019-2020:

<table>
<thead>
<tr>
<th></th>
<th>2020-2021</th>
<th>2019-2020</th>
<th>Annual Change</th>
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<tr>
<td>Chair</td>
<td>$33,000</td>
<td>$33,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Deputy Chair</td>
<td>$24,750</td>
<td>$24,750</td>
<td>Nil</td>
</tr>
<tr>
<td>Members (8)</td>
<td>$16,500</td>
<td>$16,500</td>
<td>Nil</td>
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