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

**Date:** Thursday, 18 June 2020  
**Time:** 10.00am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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

**OPEN AGENDA**

**MEMBERSHIP**

Chairperson  
Cr Desley Simpson, JP  
Cr Shane Henderson  
Cr Josephine Bartley  
IMSB Member Renata Blair  
Cr Dr Cathy Casey  
Deputy Mayor Cr Bill Cashmore  
Cr Fa’anana Efeso Collins  
Cr Pippa Coom  
Cr Linda Cooper, JP  
Cr Angela Dalton  
Cr Chris Darby  
Cr Alf Filipaina  
Cr Christine Fletcher, QSO

Deputy Chairperson  
Mayor Hon Phil Goff, CNZM, JP  
Cr Richard Hills  
Cr Tracy Mulholland  
Cr Daniel Newman, JP  
Cr Greg Sayers  
Cr Sharon Stewart, QSM  
IMSB Chair David Taipari  
Cr Wayne Walker  
Cr John Watson  
Cr Paul Young

(Quorum 11 members)

Sandra Gordon  
Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor

12 June 2020

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

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

Responsibilities

The purpose of the committee is to:

a) advise and support the mayor on the development of the Long-term Plan (LTP) and Annual Plan (AP)

b) monitor the overall financial management and performance of the council parent organisation and Auckland Council group

c) make financial decisions required outside of the annual budgeting processes.

The committee will establish an annual work programme outlining key focus areas in line with its key responsibilities, which include:

- advising and supporting the mayor on the development of the LTP and AP for consideration by the Governing Body including:
  - local board agreements
  - financial policy related to the LTP and AP
  - setting of rates
  - preparation of the consultation documentation and supporting information, and the consultation process, for the LTP and AP

- monitoring the operational and capital expenditure of the council parent organisation and Auckland Council Group, and inquiring into any material discrepancies from planned expenditure

- approving the financial policy of the council parent organisation

- establishing and managing a structured approach to the approval of non-budgeted expenditure (including grants, loans or guarantees) that reinforces value for money and an expectation of tight expenditure control

- approve the council insurance strategy and annual insurance placement for Council

- performance measures and monitoring

- write-offs

- acquisition of property in accordance with the LTP

- disposals in accordance with the LTP

- recommending the Annual Report to the Governing Body

- funding for achieving improved outcomes for Māori.

Powers

(i) All powers necessary to perform the committee’s responsibilities, including:

   (a) approval of a submission to an external body

   (b) establishment of working parties or steering groups.

(ii) The committee has the powers to perform the responsibilities of another committee, where it is necessary to make a decision prior to the next meeting of that other committee.

(iii) If a decision is a budgetary or financial decision that relates primarily to the Finance and Performance Committee responsibilities, the Finance and Performance Committee has the powers to make associated decisions on matters that would otherwise be decided by other committees. For the avoidance of doubt, this means that matters do not need to be taken to multiple committees for decisions.

(iii) The committee does not have:

   (a) the power to establish subcommittees

   (b) powers that the Governing Body cannot delegate or has retained to itself (section 2)
Exclusion of the public – who needs to leave the meeting

Members of the public

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

Those who are not members of the public

General principles

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

Members of the meeting

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

Independent Māori Statutory Board

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

Staff

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

Local Board members

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

Council Controlled Organisations

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

At the close of the agenda no apologies had been received.

2 Declaration of Interest

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

3 Confirmation of Minutes

That the Finance and Performance Committee:

a) confirm the ordinary minutes of its meeting, held on Thursday, 19 March 2020, including the confidential section, as a true and correct record.

4 Petitions

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

5 Public Input

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

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

6 Local Board Input

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

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.
7 **Extraordinary Business**

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

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

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

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

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

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

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

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

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

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

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

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."
Te take mō te pūrongo
Purpose of the report
1. To consider the 2020/2021 levy for the Auckland War Memorial Museum (the Museum).

Whakarāpopototanga matua
Executive summary
2. The Auckland War Memorial Museum Act 1996 (the Act) requires Auckland Council to fund the Museum on an annual basis by way of the levy process set out in the Act. The Museum has supplied Regional Facilities Auckland (Council’s agent in the levy process) (RFA) with a draft Revised Annual Plan (Attachment A) and an accompanying letter explaining its content (Attachment B).

3. The Museum’s draft Annual Plan has been through multiple versions prior to being brought to Council for approval. The context within which the Plan was originally drafted in November 2019 has now, of course, dramatically changed with the evolving pandemic situation. RFA, in consultation with Auckland Council, sent the Museum a letter asking it to revise its Plan and levy request accordingly (Attachment C), which resulted in the revised Plan which is attached to this report.

4. The key features of its Plan, as compared to the current year’s Plan are:
   • A levy request of $32.29 million for 2020/2021, a nil increase on 2019/2020
   • Budgeting for council levy increases of 2.5 per cent for each of the following two years
   • Predicted earnt income of $920,000 for 2020/2021 (a reduction of $8.36m from 2019/2020), but recovering to $4.53m and $6.78m over the following two financial years.

5. A nil increase in the levy for next year is welcome, and it is recommended that this be approved.

6. This will allow a range of projects and programmes to continue in the next financial year, including:
   • Collecting objects relating to COVID-19, with a focus on social history
   • The Noises/Otata project in the Hauraki Gulf with Ngāi-Tai-Ki-Tāmaki and the Neureuter family (landowners), Auckland University, Auckland Council and Auckland Zoo
   • Providing museum experiences to audiences online through the Auckland Museum at home portal
   • The Pacific Heritage project and Pacific Virtual Museum.

7. There are, however, some issues of concern.
   • The Museum continues to budget for levy increases, despite anticipating a recovery in earnt income. This suggests a planned resumption of the model where both the levy and earnt income go up each year.
   • The Plan remains difficult to understand for the lay reader, particularly the operational expenditure categories which are chosen to be shown (staffing is not shown for example)
   • The capital programme is not explained clearly, which is exacerbated by the fact an asset management plan is yet to be provided to RFA, so a request for this to be finalised is recommended.
• The Museum will be 97 per cent Council funded in the next financial year, so a request for additional reporting to Council is recommended.

8. We note that the process for agreeing the Plan has again been difficult this year. The legislation does not provide for a constructive setting in which to produce a plan, with the Museum and council having different perspectives on what information should be presented.

9. Finally, RFA should be acknowledged for the constructive way it engages with the Museum both in the annual plan process, and for the advice it provides to Auckland Council as part of this process.

Ngā tūtohunga

Recommendation/s

That the Finance and Performance Committee:

a) acknowledge Auckland Museum’s revised draft Annual Plan, which has been adjusted from the original draft Plan approved by the Board, to take account of COVID-19-related impacts.

b) note that the revised Plan includes a nil levy increase for 2020/2021, but that the Museum is planning to request ongoing levy increases from Council in the following two years, despite its income from other sources recovering.

c) agree that the Chair, Finance and Performance Committee, writes to the Auckland Museum Board:

i) noting Council’s appreciation for making a nil levy request given the COVID-19 situation

ii) requesting that levy increases are limited to a maximum nil increase for the forthcoming two years, given that the Museum’s income is projected to increase from other sources

iii) requesting that the museum provide quarterly updates to RFA and Auckland Council staff on progress against the plan, given that the Museum will be 97 per cent Council-funded in 2020/2021

iv) requiring a satisfactory asset management plan be provided to RFA and Council, prior to the commencement of the next annual plan process in September 2020.

d) approve Auckland Museum’s proposed levy for 2020/2021 of $32.292 million.

e) thank Regional Facilities Auckland for its continuing role in providing Auckland Council with advice on the activities and planning of Auckland Museum.

Horopaki

Context

Legislative framework

10. Council is obliged to fund the Museum under the levy provisions of the Auckland War Memorial Museum Act 1996. This Act was designed to ensure the seven councils in the Auckland region at the time all contributed to the Museum.

11. The Museum is required to produce a draft Annual Plan, including a levy requirement on Council.

12. The purpose of the levy is to fund the Museum’s activities, including maintenance, operations and development. The key test for the levy is whether it ensures the Museum’s Board can meet its “minimum obligations” under the Act, with the implication that Council is not obliged to fund the Museum beyond this minimum level.
13. Auckland Council may comment on the Museum’s draft Annual Plan, which it does through RFA. The Museum has no requirement to make changes in response to Auckland Council’s submission, or to treat Council as any more important than any other submitter. This is despite the fact that the vast majority of the Museum’s funding comes from Auckland ratepayers (75-80 per cent in a normal year; 97 per cent in the upcoming financial year).

14. Throughout the year, there is no obligation on the Museum to report to or account for its activities to Council and Aucklanders, beyond providing the council with a copy of its annual report (which is in any case publicly available). This is unlike Council’s CCOs which are subject to the various requirements of the Local Government Act 2002.

Tātaritanga me ngā tohutohu
Analysis and advice

Key elements of the Revised draft Annual Plan 2020/2021

15. Key features of the Revised draft Annual Plan include:

- A levy request of $32.29m, a nil increase on the previous financial year, with increases of $810,000 and $830,000 forecast for the following two years
- Onsite visitation reducing from 800,000 people to 401,000 in 2020/2021 as a result of COVID-19
- Self-generated revenue predicted to reduce from $9.28m (budget for 2019/2020) to $0.92m in 2020/2021
- A reduction in operating expenditure, largely in the Museum Experience and War Memorial business area
- A focus on completing building works which had been anticipated to be complete prior to June 2020 prior to the pandemic
- Rescheduling planned exhibitions.

16. Despite the bleak financial picture, the Museum and its dedicated staff will still be undertaking a wide range of valuable projects and programmes, supported by funding from the Auckland community. The box which follows outlines some of these activities, though many more are outlined in the strategic sections of the Revised Plan.

Selected Auckland Museum projects for 2020/2021


Auckland Museum Human History and Documentary Heritage curatorial teams have developed a strategy for collecting Aucklanders’ experiences of COVID-19. The strategy has a strong focus on building future understanding about the crisis and its effect on Auckland and Aucklanders. The Museum has had offers of material culture, documentary heritage, photography and ephemera and is engaging with individuals, communities and businesses across Auckland to receive these donated objects.

The Museum has also been working with other collecting institutions in Auckland and Te Papa to ensure that there is support across the sector to collect the full narrative of COVID-19. Auckland Museum was the first museum in New Zealand to put out a call for collecting, and the initiative garnered a huge amount of interest from around the country, including from major national media (RNZ, Radio Waatea, Newstalk ZB, among others). See reference to this work in Introduction to the Revised Plan.
**Item 8**

**Noises/Otata project - [http://www.thenoises.nz](http://www.thenoises.nz)**
A cross-disciplinary and cross-institution project, the Noises project is a home for archaeology, botany, and environmental sciences experts to work with Ngāi-Tai-Ki-Tāmaki and the Neureuter family (landowners) to protect the unique natural environment that is the Noises islands in the Hauraki Gulf. The Museum is leading the archaeology, botany, and land-vertebrates (Spotted Shag) surveys currently underway on the islands. Other partners include the University of Auckland, Auckland Council, and Auckland Zoo.

**Museum studies with the University of Auckland**
[https://artsfaculty.auckland.ac.nz/courses/?Subject=MUSEUMS&Number=702&Year=2020](https://artsfaculty.auckland.ac.nz/courses/?Subject=MUSEUMS&Number=702&Year=2020)
In 2019, the Museum partnered with the University of Auckland to develop and teach a post-graduate paper in museum studies. The only course of its kind in Australasia, the ‘Inside the Museum’ paper is taught over a whole semester by Auckland Museum staff, offering Masters in Museums and Cultural Heritage students the opportunity to learn the practicalities of museum practice through experiential learning on-site at the Parnell and Manu Taiko buildings (see page 28 of Revised Plan).

**Auckland Museum at Home**
[https://www.aucklandmuseum.com/your-museum/at-home](https://www.aucklandmuseum.com/your-museum/at-home)
From the first week of lockdown, Auckland Museum pivoted its effort to providing museum experiences to audiences online. The Museum at Home portal is full of collection-rich content, an opportunity to hear about the research of the museum's curators through blogs, topic pages, and the “Ask a Curator” initiative. Interactive 3D scans of galleries are available, including galleries no longer available in the Museum, and recent exhibitions. The usual Anzac Day commemorative programme was run through this portal, with links to commemorative events, and the Cenotaph Online portal.

**Tāmaki Herenga Waka galleries** (Page 11, 18, 23 of Revised Plan): these new ‘stories of Auckland’ galleries are expected to open later in the financial year and will be a place for all Aucklanders to see themselves, and for visitors to discover what makes Tamaki Makaurau unique.

**Analysis**

17. In broad terms, it is clear that the Revised draft Annual Plan meets the basic requirements of the Act in terms of describing the Museum’s activities.

18. However, from the point of view of clarity about what is driving expenditure, the Plan still leaves much unclear for the lay reader. For example, the Museum's letter to RFA (Attachment B) refers to staffing measures including FTE reductions, voluntary leave, and leave without pay. However, this is not expressed anywhere in the Plan. This is unlike other plans such as MOTAT’s, where the ‘business services areas’ clearly shows staffing and other corporate costs separately from other operational budgets. It is not obvious whether the business services area table (page 45), which does not map to the internal directorate structure of the Museum, gives a true picture of where money is being spent.

19. Similarly, the capital expenditure budget tables and graph on page 48 indicate a confusing picture for the reader. There appears to be a planned spend of approximately $30m on capital ($10.17m in the 2020/2021 year, plus $20m deferred projects from the previous year as a result of COVID-19), and yet the Asset Replacement Reserve reduces by about $15m and claimed depreciation (see page 45 of the revised Plan) is $8.79m for a total of $24m.

20. This issue would be resolved if an Asset Management Plan was provided to RFA, as has been requested. Without this, it makes it difficult to understand the Museum’s capital needs, and how much is spent on ongoing maintenance as compared to new capital projects. The Museum’s senior staff have verbally committed to providing an Asset Management Plan to Regional Facilities Auckland by September 2020, so we are recommending this be included in a letter to the Museum.
21. We also note that the Museum is budgeting for levy increases in the following two years. We recommend that Council requests the Museum to revise these requests and budget for no increases for the following two financial years. This reflects that the Museum expects its commercial earnings to recover, and that the Council’s levy is only intended to cover the “minimum obligations” that the Board has under the Museum’s legislation. It may mean the Museum needs to rethink the speed of its growth model, rather than planning to simply resume levy increases from Council. This is especially so, given that the financial challenge which the COVID-19 situation presents for Council will not be over in one financial year.

Advice and options

22. There are two options available to the council, which are outlined below.

Option one: approve the levy

23. The draft Annual Plan is broadly within the purposes set out in the Act. Approving the levy as requested would allow Auckland Museum to complete its programme as planned, along with the projects mentioned earlier in this report. This option is therefore recommended.

24. As noted earlier, for 2020/21 the Museum will be 97 per cent council-funded. While it has no formal legislative obligations to report to council throughout the year, given the importance of council’s contribution, we recommend that the Museum be requested to report at a staff level on its progress with recovery. This has been verbally agreed with Museum staff at a recent meeting. This reporting will focus on financial performance (including non-council revenue), capital programme, non-financial performance measures, and progress on the programme which has been outlined in the Revised draft Annual Plan.

Option two: reject the levy

25. The legislation allows Council the option of rejecting the levy. In this case, if a negotiation with the Museum could not resolve the amount, an arbitrator would be appointed by both parties.

26. In the case of an arbitrator setting the levy in a dispute situation, that person should take into account “the minimum obligations placed on the Board by this Act” (to operate, maintain and develop the Museum in accordance with the Museum’s legislative purposes). This suggests that there is a point at which the Museum’s levy request would be higher than the costs of the “minimum obligations”. It is not clear what the circumstances are in which these minimum obligations might be deemed to have been exceeded. This has never been formally tested by Auckland Council.

27. The Museum notes in its accompanying letter (Attachment B, third page of letter) that a levy of $32.29m “reflects the minimum funding level to enable the Museum to deliver its statutory functions”. It would take a far more in-depth examination of the Museum’s finances than the Annual Plan process allows, to determine if there was a case for arbitration.

28. This option is not recommended for 2020/2021.

This year’s process and the positive role of RFA

29. Finally, it is worth noting that this year’s levy setting process for the Museum has been unusually difficult. The draft Annual Plan 2020/2021 has been through multiple versions since it was first issued in September 2019. Council’s submissions on the Annual Plan are routinely resisted, particularly when the levy amount is queried. The tone adopted with RFA and Council is captured in the reminder this year that moves to question the funding amount would be “against the Museum’s legislated ability to make a levy request” (letter to RFA, 2 March 2020).

30. It is clear that Council and the Museum come to the Annual Plan and levy setting process with quite different perspectives and expectations. Longer-term, a new approach needs to be developed which acknowledges Council’s role as funder, and not just the Museum’s independence.
31. It is to RFA’s credit that it continues to operate in this environment with calmness and in a constructive way. Advice provided to council is detailed and timely, and reflects comprehensive efforts to question the Museum on its planning. It also plays a role outside the annual plan process, consistent with RFA’s purposes under its Trust Deed to promote arts, culture and heritage in Auckland more generally. For example, it recently helped promote and collate the sector response to the government’s call for ‘shovel-ready’ projects for the pandemic recovery. It is recommended that RFA’s role in difficult circumstances is acknowledged.

Tauākī whakaaweawe āhuarangi
Climate impact statement

32. There are no direct impacts or emissions affecting the climate over the lifetime of the decision to approve the Museum’s levy for 2020/2021.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

33. Regional Facilities Auckland acts as the council’s agent in the process of developing and commenting on the Museum’s draft Annual Plan. Its role has been noted above, and its advice is incorporated into this report.

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

34. Decision making and oversight on regional activities is the responsibility of the Governing Body.

Tauākī whakaaweawe Māori
Māori impact statement

35. The Revised draft Annual Plan contains a range of planned activities which enhance care and conservation of taonga held at the Museum, and to work as partners with Māori communities.

36. We note that since 1996, both Auckland’s local governance model and the Māori context has changed significantly. The Auckland Plan emphasises council’s responsibility to 19 mana whenua iwi in the Auckland region, as well as mataawaka. The Auckland War Memorial Museum Act 1996 established a governance model for the Museum which does not reflect this wider responsibility to Auckland, because it was drafted at a time when perceptions of councils’ responsibilities to mana whenua were different (and it was not revisited at amalgamation). This is one of the key reasons why this legislation needs to be revisited by government in the near future.

Ngā ritenga ā-pūtea
Financial implications

37. The proposed levy is within the levy cap provided for by legislation and is budgeted for in the 10-year Budget 2018-2028.

38. If the Museum continues with its intention to request levy increases in subsequent years, this will likely exceed the budget allowance for levy/grant funding in the current Long-term Plan. If these levies are approved in future, additional savings will need to be found from other areas of council’s business.
Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations

39. For the Museum, the primary risk is the evolving COVID-19 situation, which will affect non-levy income. The Museum is assuming earnt income of around $920,000, across 401,000 onsite visitors – or around $2 per visitor across parking fees, café, shop and paid Museum experiences. This should be assessed carefully by the Museum over time, as the situation develops, including whether the financial impacts to earnt income may not be as severe as first thought.

40. For Council there remains the ongoing financial risk from the legislative levy system under which Auckland Museum is funded. The lack of any formal accountability to the council, and the lack of genuine two-way engagement during development of the draft annual plan each year, mean the current legislation is a poor mechanism for building a modern relationship with the Museum.

41. Council and Regional Facilities Auckland staff work closely with the Museum on an ongoing basis to mitigate this risk, but ultimately the council has very little ability to mitigate the risk because of the legislative framework.

Ngā koringa ā-muri
Next steps

42. If this committee approves the proposed levy, payment will be made on or before 1 July 2020.

43. If this committee approves, the Chair of this committee will write to the Auckland Museum Board in accordance with the committee’s additional resolutions.

Ngā tāpirihanga
Attachments

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Ngā kaihaina
Signatories

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<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
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<td></td>
<td>Phil Wilson - Governance Director</td>
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<td>Kevin Ramsay - Acting Group Chief Financial Officer</td>
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REVISED DRAFT ANNUAL PLAN
2020/2021

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Foreword

He aha te mesai ni te ao? He tūngata, he tūngata, he tūngata.

It is hard not to feel proud of the resilience and collective effort that all communities across Aotearoa New Zealand have demonstrated to contain the transmission of COVID-19. In response to the global pandemic and by adhering to an unprecedented nationwide lockdown for the better good of our society and especially those who may be more vulnerable, New Zealand has proven that we are truly a ‘team of five million’. Nga mihi, faatata and thank you.

COVID-19 has inevitably required the Museum to review and adjust its plans to respond to the changed circumstances in which we find ourselves.

Before COVID-19, the Museum shared Auckland’s clear vision and a plan, in line with our shared values. Today, many other organisations around Aotearoa, many of our ‘knowers’ have disappeared – and with them, the set of assumptions about how we would move into the future. With shifting global economies, and the likelihood of extended national border restrictions, our external environment will continue to be fluid, the length of which remains unclear.

It is in this state of flux that the Museum now must review and adjust its plans, to look towards a different future. We anticipate bearing the brunt of the effects of the pandemic for the next 12 to 24 months.

COVID-19 has disrupted our building projects, planned openings, exhibitions and events and forced temporary access restrictions to the taonga and collections we kaitakai and care for. And so, our Draft Annual Plan for 2020/21 must be reviewed and re-forecast to reflect these significant changes.

The original Draft Annual Plan anticipated the Museum increasing its self-generated revenue to $11.8 million, a 27% increase on the prior year. Our revenue aspirations have been severely impacted by COVID-19 and will remain so for the foreseeable future. The

Revised Draft Annual Plan recognises this loss of revenue, driven predominantly by the absence of the international tourism market, through admissions, performances and tours, reductions in large gatherings for conferences and commercial venue hire, as well as reduced incremental spend onsite through retail and food and beverage outlets.

The Museum has taken the necessary steps to address its new financial reality. Our operational cost base has been reduced by 19% (36.3m), projects have been deferred and our programmes adjusted, resulting in a net deficit of $3m.

Included amongst these initiatives are:

- The deferment of planned new gallery redevelopments
- Reduction in commercial activities cost base in response to reduced revenues
- Taking our education and public programmes online in the first half of FY 2020/21, in response to social distancing requirements which make on-site activity impracticable
- The cancellation of outreach activities in first half FY 2020/21 in line with social distancing requirements
- The rescheduling of our Special Exhibitions programme

We present our Revised Draft Annual Plan for 2020/21, which will ensure that Tamaki Poenga Hiri Auckland War Memorial Museum can retain its core functions as a major metropolitan museum without long-term harm to its capability to respond to the current crisis and its longer-term effects. The Plan also enables the Museum to enact its vital civic role in supporting the recovery of cultural and social life in the City of Auckland Tamaki Makaurau.

We are also acutely aware of the economic effects COVID-19 will have on Auckland Council and ratepayers. For that reason, this Annual Plan includes no levy rate rise for the next financial year. The Revised Draft Annual Plan reflects a year of consolidation, continuity, and social, cultural, and economic recovery.

And while the landscape of Aotearoa New Zealand may look different on the other side of lockdown, we know with certainty that the fundamental mission of Auckland Museum will endure. As a kaitaiki of collections and knowledge that inform and reflect our understanding of who we are, Auckland Museum has a key role in collecting and recording the experience and memory of this pandemic and how our community responded to it for future generations.

Despite the disruptions caused by COVID-19, the relevance of the strategic priorities in our Five-Year Strategic Plan remains as strong as ever, as does our commitment to their achievement.

The closure and staging of our re-opening as a public visitor attraction have enabled us to build our offer and reputation as an online museum and to enhance our core preservation, research and learning functions. Our programme of building works to transform the visitor experience, while delayed, will be completed in the first half of the financial year to support the city’s revival. Our commitment to our Māori and Pasifika communities remains unshakable and we will work with them to proceed to concept development for the long-term renewal of Māori Court and the Pacific Galleries.

As Auckland’s premier visitor attraction, we will shift our attention to the cultivation of our domestic audiences, working alongside local and national tourism agencies. And now more than ever, with the predicted longer-term restrictions on international travel for most citizens, we remain committed to the importance of international special exhibitions in bringing the globe, to Auckland. We remain in dialogue with our partners across the globe and when it is safe and practicable for us to do so, we look forward to sharing with Aucklanders the natural and human histories of the world.

The Museum’s iconic building has, for many Aucklanders, been a beacon in the landscape of Tāmaki Makaurau since its opening in 1959. From its hilltop position on Pukekawa, it has witnessed and weathered the many storms, trials and challenges that the city has faced. We trust it will continue to be an anchor of stability and hope for our communities, energised by the taonga that are cared for within its walls.

When the time is right, Auckland Museum will be amongst the first visitor attractions to re-open to the public. When it does, it will spark hope, connectedness and, like all great museums, renewed curiosity about the world in which we live - its past, present and, most critically, its future.

We are as always, enormously grateful to the ratepayers of Auckland and Auckland Council. This Museum has a vital role to play in the recovery of our city, contributing to community cohesion, connectedness, and wellbeing.

The Museum is proud to work alongside Auckland Council in bringing people back to their city with confidence and helping stimulate and drive domestic tourism to restart the visitor economy. Auckland Museum has a crucial part to play in the revitalisation of civic and cultural life in New Zealand’s largest city, contributing to economic revival.

While progress towards our long-term strategic goals will inevitably be disrupted for a time, our responsibility as kaitiaki of our taonga, our tangata, and our Tāngata Whaipoota on Pukekawa remains steadfast.

La mania.

Orchid Alimalia
Chair, Auckland Museum Trust Board

Precious Clark
Chair, Tāmaki-i-ū-Iwi

Dr David Ganetan
CEO, Auckland War Memorial Museum
Auckland War Memorial Museum 2020/2021 levy

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ATTACHMENT A

Item 8

Auckland Museum’s Five-Year Strategic Plan describes how we will deliver on and advance our legislative and Treaty responsibilities to create value for Aucklanders. Our Strategic Plan also aligns with the Auckland Plan and Toi Whetuki – the Arts and Culture Strategic Action Plan for Auckland.

Each of the six strategic priorities described in the Five-Year Strategic Plan is outlined in the Annual Plan.

Our six strategic priorities are:
1. Reach out to more people
2. Transform our building and collections
3. Stretch thinking
4. Lead a digital museum revolution
5. Engage every schoolchild
6. Grow our income and enhance value for Aucklanders.

The nature of a global pandemic and a nationwide lockdown to contain the transmission of COVID-19 has required the Museum to review and adjust its planning to respond to the changed circumstances in which we find ourselves.

Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and our trajectory will be slower than planned. We anticipate bearing the brunt of these impacts as the full effects of the pandemic become apparent over the next 12 to 24 months. With a shifting economy and the likelihood of extended national border restrictions, our external environment will continue to be fluid, the length of which is as yet unclear.

What is evident is the impact of this on self-generated revenue. Driven predominately by the international tourism market, our revenue aspirations have been severely impacted and will remain so for the foreseeable future.

Ongoing requirements for social distancing will present new operational challenges impacting onsite visitation. We will continue to explore ways to maintain our reach in this different operating environment, which reflect these changing times.
The Auckland Plan’s objectives are at the heart of what we believe and do. Our vision at Auckland Museum is ‘He Oranga Tangata Ka Ao – Enriching lives; Inspiring discoveries’.

Our Paerewa describe who we are and what we stand for.

We are guided by a robust strategic framework which forms the basis of how we operate and engage with communities.

**VISION**
He oranga tangata ka ao – Enriching lives; Inspiring discoveries

**MISSION**
Tūhuhu tangata, whakahaere me te moana
Connecting through sharing stories of people, lands and seas

**PAEREWA
FUTURE MUSEUM TOUCHSTONES**

- Auckland’s war memorial; Home of Auckland’s collective, remembering and commemoration
- A tākitiki for current and future generations of the iconic building, collections, people and stories
- A bi-cultural heart connected to our communities
- A place of innovation, curiosity, learning and research
- A compelling experience online, offline, online
- Active leader and collaborator in Auckland, nationally and internationally in all the sectors in which we operate

**FIVE-YEAR PRIORITIES**

- Reach out to more people
- Transform our building and collections
- Soothe thinking
- Lead a digital museum revolution
- Engage every schoolchild
- Grow our income and enhance value for Aucklanders

**ANNUAL PLAN 2020/2021**

Gives life to the third year of the Museum’s Five-Year Strategic Plan 2019-2022

**GUIDING PRINCIPLES**

- Māoriakitanga, kākāhaki, Mana whenu

**VALUES**

- Relevant, Connected, Innovative, Respectful, Inspired
Belonging and participation

All Aucklanders will be part of and contribute to society, access opportunities and have the chance to develop to their full potential.

To ensure all Aucklanders can participate in arts and culture, access to Auckland War Memorial Museum is free to all those who reside in the city. While social distancing is still a requirement, we will be transitioning our public programming online and will be launching a refreshed onsite public programme offering in 2021.

With diverse and broad-reaching engagement across Auckland’s many communities, through partnerships and collaborations, and via research and knowledge sharing, we understand the importance of our role as a ‘place maker’ – a close space, where communities and individuals can meet, exchange ideas, build relationships, learn and have outstanding social experiences.

Our priorities support social belonging and participation and help to cement Auckland Museum as a place of gathering, welcome and orientation for all Aucklanders. The Museum demonstrates a shared identity that makes it an important cultural landmark for both residents and tourists alike.

Our new Tāmaki/Wellington Walk: Stories of Auckland quayside, opening later in the financial year will reflect the changing cultural dynamic of Auckland city. It will be a space for all residents to see themselves represented and for visitors to the city to discover what makes Tāmaki Makaurau unique.

Auckland has one of the largest Pacific populations in the world. Our Pacific Advisory Group guides the Museum in developing a strong Pacific dimension to reflect Auckland’s rich, contemporary Pacific culture. Te reo Māori is the Museum’s framework that brings to life ways to ensure the Museum is an inclusive, relevant and engaging place for all Pacific people.

Initiatives such as the Pacific Collections Access Project have set the groundwork for moving the Museum from the more traditional stance of holding knowledge and telling stories to a model that applies an integrative approach to working with Pacific communities. We will be working in partnership with our Pacific community on the concept development and delivery of the long-term renewal of the Pacific galleries. This strengthens cultural identity, participation and awareness of the Pacific peoples cared for by Auckland Museum. Industry leading, this model of meaningful collaboration and knowledge sharing with Auckland’s communities is central to the Museum’s way of working.
Maori identity and wellbeing

A thriving Maori identity is Auckland's point of difference in a world that advances prosperity for Maori and benefits all Aucklanders.

As a kaitiaki (guardian) of treasured taonga (treasures) of local, national and international significance, Auckland Museum has relationships with whakapapa, hapu, and iwi Maori in Auckland and across New Zealand who contribute to our national identity. These relationships centre on taonga that they whakapapa (connect) to, the natural environment and mātauranga Maori (knowledge) projects, and participation in exhibition and public events.

Engagement with Maori taonga is achieved through our galleries, special exhibitions, educational initiatives, public programmes and our loans programme.

Spaces within the Museum's galleries are being activated to enable Tāmaki and other people to curate their own stories and perspectives, and this will be a continuing focus moving forward.

Auckland Museum has relationships with iwi outside of Auckland based on cultural heritage values, the environment, markets and education.

Focused training continues to raise the competence and confidence of our people around tikanga Māori, te reo Māori and the Treaty of Waitangi. The Ngā Kākano Whananga Series, established in FY 2017/18, demonstrates our commitment to raising indigenous and mātauranga Māori across Auckland’s cultural sector and this will continue in FY 2020/21.

Homes and places

Aucklanders live in secure, healthy and affordable homes and have access to a range of inclusive public places.

To ensure inclusivity for all Aucklanders, admission to Auckland War Memorial Museum is free to all residents of the city and will be supported by access to rich offline public programming within local communities when it is safe to do so. We anticipate this will not happen until early 2021.

Transport and access

Aucklanders will be more easily able to get to where they want to go and will have choices about how they get around.

Puketoma (Auckland Domain) and the Museum are not readily served by public transport, Te Aro Oranga (Southern Pathway) makes it easier for visitors walking from Ponsonby Road to access the Museum with a fully accessible route. We will continue to work closely with Auckland Council to improve parking and the amenity of Auckland Domain.

Environment and cultural heritage

Auckanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.

The Auckland War Memorial Museum was constructed in 1929 through the subscriptions raised by Aucklanders in remembrance of their war dead. Today, the Museum is a Category 1 listed historic place of outstanding cultural significance or value. As kaitiaki of the Museum, we manage and maintain a Heritage Asset Management Plan to ensure our iconic building is properly cared for in perpetuity.

With internationally significant collections, Auckland Museum is a kaitiaki of human, natural and scientific heritage, and holds one of New Zealand’s top heritage libraries. Responsible for caring for more than seven million treasures, we hold the ‘DNA’ of Auckland.

We protect and care for almost one million natural science specimens collected over more than 150 years. Over 3,000 type specimens are held; these are the indispensable specimens that bear the name of new species descriptions that define the international biological naming system.

Auckland Museum has a role to educate, connect and engage with visitors about the natural environment, with our research informing our exhibitions. Public programmes will continue online and resume onsite and offline when it’s safe to do so. Supporting our onsite exhibits are learning and engagement activities that target schools and community audiences.

Our new Environment and Human Impacts gallery, drawing on our natural science expertise and collections, will undergo concept design in FY 2020/21. This exhibition will integrate scientific and mātauranga Māori perspectives and will address issues of environmental change over time as well as how humans interact with the natural world.

Opportunity and prosperity

Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.

Auckland’s future as a modern, inclusive and dynamic global city will require a thriving cultural sector and for all communities to have easy access to cultural experiences.

Arts and culture play a significant role in the wellbeing of our society and quality of life. They are an essential part of our individual, community and national identity.

With Auckland’s population continuing to grow, it will be home to 40% of the county’s population by 2040. Auckland Museum has an essential role to play in this, a place of learning, participation and belonging that enriches the lives of all Aucklanders.
The Living Standards Framework

The New Zealand Treasury's Living Standards Framework provides New Zealand with a shared understanding of what helps achieve higher living standards to support intergenerational wellbeing.

The Living Standards Framework looks across 'The Four Capitals' (natural, human, social, and financial and physical) as the assets that generate wellbeing.

Cultural organisations such as Tāmaki Paenga Hira contribute greatly to social and human capital, influencing the way in which people live and work together and experience a sense of belonging, and the way people engage in work, study, recreation and social activities.

The 12 Domains of Current Wellbeing reflect our understanding of the elements that contribute to how New Zealanders experience wellbeing. An interaction with Auckland Museum can positively impact wellbeing in many of these categories including cultural identity, social connections and time use.
Attachment A
Item 8

Auckland Plan 2050

Being and participation – All Aucklanders will be part of and contribute to society, access opportunities and have the chance to develop to their full potential.

Māori identity and wellbeing – A thriving Māori identity is Auckland’s point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.

Homes and places – Aucklanders live in secure, healthy and affordable homes and have access to a range of inclusive public places.

Transport and access – Aucklanders will be able to get to where they want to go more easily, safely and sustainably.

Environment and cultural heritage – Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.

Opportunity and prosperity – Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.

Toi Whaitiki

Auckland Council’s Toi Whaitiki Arts and Culture Strategic Action Plan integrates arts and culture into our everyday lives and helps create a culturally rich and creative Auckland. Toi Whaitiki’s goals are:

• All Aucklanders can access and participate in arts and culture.

• Auckland values and invests in arts and culture.

• The Museum has access to a network of vibrant arts and culture organisations and facilities.

• Arts and culture are built into Auckland’s place-making.

• Auckland celebrates a unique cultural identity.

• Auckland has a robust and flourishing creative economy.
Reach out to more people

By FY 2022/23, our five-year goal was to attract 1.2 million visitors to Auckland Museum. With the impact of COVID-19, we are now facing a very different operating environment. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than originally anticipated. We remain committed to reaching out to all Aucklanders - the people who live and work here, those who feel at home here and those recently arrived. As Auckland’s population continues to grow and diversify, the Museum has an integral role to play in enhancing and maintaining a shared sense of belonging.

On track to double our outreach audiences to 100,000 by FY 2022/23, the impact of the pandemic may cause large public gatherings, such as festivals and community celebrations to continue to be assessed through the lens of public health. We look forward to the continuation of our outreach programme throughout Auckland when it is safe to do so. Our public programmes will continue online in 2020 before the launch of a revitalised public programme offering onsite and out in our communities in 2021. Our Museum Membership programme will launch to the public aligned with the unveiling of our new galleries and the transformed South Atiu visitor hub.

Through the launch of our Tamaki Herenga Waka: Stories of Auckland galleries, we will confirm our status as the place to go for information, debate and discussion on Auckland. We will continue to listen to and be relevant and inclusive of our many communities and diverse audiences, including Māori, Asian, Pacific, European and all who call Tamaki Makaurau their home. And now more than ever, with the predicted longer-term restrictions on international travel, we remain committed to bringing the world to Auckland through major international exhibitions. We are in dialogue with our partners across the globe and when we can do so, we look forward to sharing with Aucklanders the natural and human histories of the world.

How does this strategic priority contribute to the Living Standards Framework?

<table>
<thead>
<tr>
<th>Framework Capital</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Capital</td>
<td>Cultural identity</td>
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<td></td>
<td>Environment</td>
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<tr>
<td>Human Capital</td>
<td>Knowledge and skills</td>
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<tr>
<td></td>
<td>Leisure (time use)</td>
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<tr>
<td></td>
<td>Social connections</td>
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</table>

How will we add value for Aucklanders?

Key activities we will undertake in FY 2020/21

- Deliver a compelling range of online public programmes during COVID Alert Level 1/2 over the first six months of the plan, with the reinstatement of the Museum’s unique onsite experience from January 2021

- By delivering a quality experience for Aucklanders and visitors to the city through compelling exhibitions and public activities

- Develop a pipeline of compelling international exhibitions and launch with at least one special exhibition in FY 2020/21 aligned with the recovery of Auckland as a destination locally and domestically

- By reaching out to Aucklanders in their communities and taking the Museum to them through a series of inclusive outreach programmes that promote accessibility and diversity

Alignment with Auckland Plan outcomes

- Belonging and participation
- Environment and cultural heritage
- Māori identity and wellbeing
- Opportunity and prosperity
- Belonging and participation
- Environment and cultural heritage
- Opportunity and prosperity
- Belonging and participation
- Environment and cultural heritage
- Opportunity and prosperity

Work with Auckland Council to offer inclusive museum experiences at Auckland’s key festival events from January 2021 like PortsFest, ASB Parnell, Matariki and Elements
## Attachment A

### Item 8

**By promoting Māori and Pacific identity and wellbeing through increased community engagement**

- Work in partnership with Tamaki Weinerā and Māori wāhine (Māori living in Auckland with ancestral links to other places in Aotearoa) on the concept development for the Environment and Human Impact Galleries
- Work in partnership with Tamaki Weinerā and Māori wāhine (Māori living in Auckland with ancestral links to other places in Aotearoa) on the concept development for the long-term renewal of the Māori Court
- Work in partnership with the Pasifika community on the concept development for the long-term renewal of the Pacific Galleries
- Develop innovative ways to engage the Auckland community in the Māori and Pacific dimension of Tamaki Makaurau through the delivery of the Ngā Rūnanga Whananga Series, online or on-site

**Alignment with the Auckland Plan**

- Belonging and participation
- Environment and cultural heritage
- Māori identity and wellbeing

**Living Standards Framework**

- Belonging and participation
- Environment and cultural heritage
- Pacific identity and wellbeing

**Living Standards Domains of Current Wellbeing**

- Social capital
- Human capital
- Cultural identity
- Knowledge and skills
- Time use
- Social connections

### Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and anticipate these impacts to be felt as the full effects of the pandemic become apparent over the next 12 to 24 months. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than anticipated.

<table>
<thead>
<tr>
<th>Measures we will audit and track over time</th>
<th>Alignment with the Auckland Plan</th>
<th>Living Standards Framework</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver onsite visitors of 400,000 to reach a target of 1.2 million by FY 2022/23</td>
<td>Belonging and participation</td>
<td>Environment and cultural heritage</td>
<td>Social capital</td>
</tr>
<tr>
<td>Deliver visitor satisfaction at 95% or above as measured by our annual Visitor Profile Survey by June 2021</td>
<td>Māori identity and wellbeing</td>
<td>Environment and cultural heritage</td>
<td>Human capital</td>
</tr>
<tr>
<td>Grow public engagements with offline audiences year-on-year to reach a target of 100,000 by FY 2022/23</td>
<td>Pacific identity and wellbeing</td>
<td></td>
<td>Cultural identity</td>
</tr>
<tr>
<td>Launch and grow a membership programme to deliver the five-year target of at least 5,000 memberships by the end of FY 2022/23</td>
<td></td>
<td></td>
<td>Knowledge and skills</td>
</tr>
<tr>
<td>Develop and deliver a baseline annual membership research survey which measures member satisfaction annually</td>
<td>Belonging and participation</td>
<td></td>
<td>Time use</td>
</tr>
<tr>
<td>Demonstrate year-on-year growth of public online engagement with the Museum’s digital content, directly or through partners</td>
<td>Belonging and participation</td>
<td>Environment and cultural heritage</td>
<td>Social connections</td>
</tr>
</tbody>
</table>

*The Auckland Plan does not have a specific outcome related to the Pasifika population. Auckland’s Pasifika population, languages and cultures presences and existing contributions to Auckland’s distinctive cultural identity, Auckland Museum gains for a significant Pacific collection of value so we have chosen to show this alignment in our strategic measures.*
## Transform our building and collections

In FY 2020/21, we will reveal a substantially refreshed and improved visitor experience, with new spaces and offerings delivering a world-class museum for the city. Our new Tāmaki Herenga Wākea: Stories of Auckland galleries will enable Auckland residents and all visitors to learn about Tāmaki Makaurau and its people across the past, present and future. Awaaka Area Nui, the expanded Special Exhibitions Hall, will enable us to host major international exhibitions, bringing the world to Auckland.

The refreshed South Atrium will provide a place of welcome, orientation and performance. Home to a vibrant new café, Museum Store and Kil Room (for those who wish to self-cater), these new amenities will offer visitors greater choice during their museum experience and enable them to spend more time with us. Capital projects to further transform the visitor experience have been put on hold. The suite of Environment and Human Impact galleries will be developed to concept stage so that we can seek support for its future development.

We continue to act as a kaitiaki in caring for Auckland’s much-loved heritage-listed building. And we will drive forward sustainability initiatives through our Green Museum Sustainability Action Plan, acting as a kaitiaki for the Museum’s collections, we provide professional stewardship, continuing to find new ways of creating enhanced access to our communities.

### How does this strategic priority contribute to the Living Standards Framework?

<table>
<thead>
<tr>
<th>Living Standards Framework Capitals</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial and physical capital</td>
<td>Cultural identity</td>
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<td>Natural capital</td>
<td>Knowledge and skills</td>
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<tr>
<td>Human capital</td>
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</tbody>
</table>

### How will we add value for Aucklanders?

<table>
<thead>
<tr>
<th>Key activities we will undertake in FY 2020/21</th>
<th>Alignment with Auckland Plan outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By the transformation of the visitor experience to meet the needs of our audiences and contribute to the Museum's sustainability, ensuring that all Aucklanders can see themselves reflected in the many stories of Tāmaki Makaurau</td>
<td>Reinvigorating and participation</td>
</tr>
<tr>
<td>Complete the building works and fit-out to reveal a transformed visitor experience including new special exhibition suite and the South Atrium hub with enhanced welcome experience, hospitality and retail amenities</td>
<td>Māori identity and wellbeing</td>
</tr>
<tr>
<td>Launch the Tāmaki Herenga Wākea Stories of Auckland galleries to ensure all Aucklanders can see themselves reflected in the many stories of the city</td>
<td>Pacific identity and wellbeing</td>
</tr>
<tr>
<td>Develop the concept for the new Environment and Human Impact Gallery so that it is ready to seek fundraising support</td>
<td>Environment and cultural heritage</td>
</tr>
</tbody>
</table>

### Through our leadership as a kaitiaki and by conservation of iconic heritage-listed building for future generations

<table>
<thead>
<tr>
<th>Deliver an amended programme of care and essential repairs and maintenance</th>
<th>Environment and cultural heritage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a ‘fit-for-purpose’ sustainability framework and deliver a prioritised FY 2020/21 Green Museum Sustainability Action Plan</td>
<td>Environment and cultural heritage</td>
</tr>
<tr>
<td></td>
<td>Opportunity and prosperity</td>
</tr>
</tbody>
</table>
By developing, caring for and preserving Auckland’s world-class collections to ensure taonga are collected, conserved and made available for current and future generations

In accordance with its Collections Development Policy, strengthen the Museum’s role in contemporary collecting – reflecting and documenting current issues and responses in Auckland and beyond, including diverse communities and environments, in physical and born-digital formats

Environment and cultural heritage

Opportunity and prosperity

Enhance access to collections through digitisation and descriptive projects which unlock and make available their cultural, historical and scientific value

Environment and cultural heritage

Extend the reach of collections through an active programme of regional and national lending to cultural institutions, scientific organisations and for exhibitions, significant community ceremonies and research

Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and anticipate these impacts to be felt as the full effects of the pandemic become apparent over the next 12 to 24 months. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than anticipated.

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</thead>
<tbody>
<tr>
<td>Complete the annual schedule of renewal in accordance with the Heritage Asset Management Plan by June 2021</td>
<td>Homes and places</td>
<td>Financial and physical capital</td>
<td>Cultural identity</td>
</tr>
<tr>
<td>Implement the actions of the FY 2020/21 annual Green Museum Sustainability Action Plan</td>
<td>Opportunity and prosperity</td>
<td>Natural capital</td>
<td>Knowledge and skills</td>
</tr>
</tbody>
</table>

* The Auckland Plan does not have a specific outcome related to its Pasifika population. Auckland’s Pasifika population, languages and cultural practices and customs contribute to Auckland’s distinctive cultural identity. Auckland Museum aims for a significant Pacific collection of taonga so we have chosen to show this alignment in our strategic measures.
We want to stretch thinking – our own and everybody else’s. We care for a unique suite of collections, community relationships and digital tools which place us at the heart of the knowledge economy. Our goal is to generate new knowledge and ideas and be a catalyst for discussion and debate, while using these assets to educate and engage the next generation. This strategic priority has direct implications for how we present the collections, what is included, the research and fieldwork that supports it and how we enhance understanding and access — on the gallery floor, in the classroom and online.

### Stretch thinking

#### How does this strategic priority contribute to the Living Standards Framework?

<table>
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<tr>
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<tr>
<td>Human capital</td>
<td>Knowledge and skills</td>
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</tbody>
</table>

#### How will we add value for Aucklanders?

- By enhancing the understanding of collections and sharing authority for their meaning with communities and knowledge holders, and ensuring that narratives translate into relevant and inspiring outcomes for the Museum’s public experience.

#### Key activities we will undertake in FY 2020/21

- Deliver the second year of our Five-Year Auckland Museum Research Strategy across its six major themes:
  - Biodiversity
  - Tāmaki Matatāwha—histories, peoples and places
  - Human impacts on the natural environment
  - New Zealand in conflict and in peace
  - Evolving identities in Aotearoa New Zealand
  - Indigenous cultures and knowledge systems

- Ensure Māori concepts are embedded in our approach to research and concept development of the New Environment and Human Impacts Gallery

- In partnership with external community specialists, implement a documentation and engagement programme for the collection of Documentary Heritage materials relating to Pacific cultures

#### Alignment with Auckland Plan outcomes

- Environment and cultural heritage
- Belonging and participation
- Māori identity and wellbeing
- Environment and cultural heritage
- Belonging and participation
- Pacific identity and wellbeing
- Environment and cultural heritage
Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and anticipate these impacts to be felt as the full effects of the pandemic become apparent over the next 12 to 24 months. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than anticipated.

**Measures we will audit and track over time**

<table>
<thead>
<tr>
<th>Alignment with the Auckland Plan</th>
<th>Living Standards Framework Capital</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver at least three collaborative initiatives with research partners aligned to themes identified in the Auckland Museum Research Strategy</td>
<td>Human capital</td>
<td>Social capital</td>
</tr>
<tr>
<td>Maintain and grow our outputs of research-based papers, publications and other communications delivered annually</td>
<td>Cultural identity</td>
<td>Cultural identity</td>
</tr>
<tr>
<td>Deliver a rich annual public programme of events based on research</td>
<td>Environment and cultural heritage</td>
<td>Knowledge and skills</td>
</tr>
<tr>
<td>Maintain a record of targeted research funding applications submitted per annum</td>
<td>Belonging and participation</td>
<td>Financial and physical capital</td>
</tr>
</tbody>
</table>

* The Auckland Plan does not have a specific outcome related to its Pacific population. Auckland’s Pacific population, languages and cultural traditions and customs contribute to Auckland’s distinct cultural identity. Auckland Museum cares for a significant Pacific collection of taonga so we have chosen to show this alignment in our strategic measures.
4

Lead a digital museum revolution

Auckland Museum will be recognised as an innovative and leading digital museum by FY 2022/23. Onsite, the visitor experience will be augmented by interactivity and richness of content. Online, we will continue to extend our reach and impact to connect with local, national and international audiences, enabling Aucklanders to be global citizens.

The importance of this has never been more apparent than during the pandemic. We have operated as an online museum, supporting the booming home-education economy and maintaining our connectivity with Aucklanders and our global audiences.

Auckland has a vision to be both a smart city and a connected city. Auckland Museum has a role to play in ensuring this vision becomes a reality by providing a focus on what makes Auckland unique – our connection to the environment, our community identity and our culturalism.

Auckland Museum 2020/2021 levy

Attachment A

Item 8
By demonstrating digital cultural leadership locally, nationally and internationally

<table>
<thead>
<tr>
<th>Share free-of-charge open-sourcing standards and methodologies to build capability within the cultural sector locally, nationally and internationally</th>
<th>Opportunity and prosperity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate in the leadership of national conversations about Indigenous intellectual property in the digital environment</td>
<td>Māori identity and wellbeing</td>
</tr>
<tr>
<td>Pacific identity and wellbeing*</td>
<td>Environment and cultural heritage</td>
</tr>
<tr>
<td>Enhance Auckland Museum’s leadership role in the digital environment by bringing industry leaders in digital experience and technology to share knowledge with Auckland’s science, arts and culture sector through a future Slam event</td>
<td>Environment and cultural heritage</td>
</tr>
<tr>
<td>Opportunity and prosperity</td>
<td></td>
</tr>
<tr>
<td>Undertake systems upgrades to support efficient online working, digital preservation and engaging digital products for audiences and sharing with cultural sector partners</td>
<td>Environment and cultural heritage</td>
</tr>
<tr>
<td>Opportunity and prosperity</td>
<td></td>
</tr>
</tbody>
</table>

Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and anticipate these impacts to be felt as the full effects of the pandemic become apparent over the next 12 to 24 months. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than anticipated.

<table>
<thead>
<tr>
<th>Measures we will audit and track over time</th>
<th>Alignment with the Auckland Plan</th>
<th>Living Standards Framework Capitals</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create and deliver at least five new public digital experiences to optimise emerging technologies and methodologies that enhance the visitor experience</td>
<td>Belonging and participation</td>
<td>Social capital</td>
<td>Cultural identity</td>
</tr>
<tr>
<td>Māori identity and wellbeing</td>
<td>Human capital</td>
<td>Knowledge and skills</td>
<td></td>
</tr>
<tr>
<td>Pacific identity and wellbeing*</td>
<td>Environment and cultural heritage</td>
<td>Time use</td>
<td>Social connections</td>
</tr>
</tbody>
</table>
Engage every schoolchild

The five-year goal outlined in our Five-Year Strategic Plan was to engage and inspire over 100,000 schoolchildren and students annually through our onsite, offsite and online education offerings.

While onsite and offsite education may take some time to recover and return to normal levels, the Museum’s focus will be on delivering innovative online learning programmes and products for schools and families that support the swift emergence of the home-schooling market.

The launch of our new Learning Base will sees an educational offering transformed. Scheduled to open at the start of the 2021 academic year, it will deliver innovative in-gallery learning programmes supported by new technologies. We will be recognised as a leader in immersive, experiential, self-directed and hands-on learning.

How does this strategic priority contribute to the Living Standards Framework?

<table>
<thead>
<tr>
<th>Living Standards Framework Capitals</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social capital</td>
<td>Cultural identity</td>
</tr>
<tr>
<td></td>
<td>Environment</td>
</tr>
<tr>
<td>Human capital</td>
<td>Knowledge and skills</td>
</tr>
</tbody>
</table>

How will we add value for Aucklanders?

<table>
<thead>
<tr>
<th>Key activities we will undertake in FY 2020/21</th>
<th>Alignment with Auckland Plan outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>By improving the reach of our onsite education offering</td>
<td>Deliver a range of online education programmes, products and services</td>
</tr>
<tr>
<td></td>
<td>Belonging and participation</td>
</tr>
<tr>
<td></td>
<td>Maori identity and wellbeing</td>
</tr>
<tr>
<td></td>
<td>Pacific identity and wellbeing</td>
</tr>
<tr>
<td></td>
<td>Homes and places</td>
</tr>
<tr>
<td></td>
<td>Environment and cultural heritage</td>
</tr>
<tr>
<td>By implementing an offsite education outreach programme that ensures inclusivity and diversity</td>
<td>Review and redevelop the Museum’s off-site education offering for school in 2020, leveraging the newly launched Learning Base and the content and collections developed in the Future Tūmāri experience</td>
</tr>
<tr>
<td></td>
<td>Belonging and participation</td>
</tr>
<tr>
<td>By improving the reach of our online school programmes and resources</td>
<td>Seek funding to develop and deliver Discovery Kits to Auckland’s primary and intermediate schools that inspire students to share stories and develop their own exhibitions that showcase their communities and sense of place</td>
</tr>
<tr>
<td></td>
<td>Belonging and participation</td>
</tr>
<tr>
<td></td>
<td>Maori identity and wellbeing</td>
</tr>
<tr>
<td></td>
<td>Homes and places</td>
</tr>
<tr>
<td></td>
<td>Environment and cultural heritage</td>
</tr>
<tr>
<td>Enhance learning opportunities for Auckland school students through the development of digital resources for our school programmes aligned with the New Zealand Curriculum</td>
<td>Seek funding to develop and make available for fresh two Kete Whakanga educational resource kits based on Museum collections for primary and intermediate school students</td>
</tr>
<tr>
<td></td>
<td>Belonging and participation</td>
</tr>
<tr>
<td></td>
<td>Maori identity and wellbeing</td>
</tr>
<tr>
<td></td>
<td>Opportunity and prosperity</td>
</tr>
</tbody>
</table>
Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and anticipate these impacts to be felt as the full effects of the pandemic become apparent over the next 12 to 24 months. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than anticipated.

<table>
<thead>
<tr>
<th>Measures we will audit and track over time</th>
<th>Alignment with the Auckland Plan</th>
<th>Living Standards Framework Capitals</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow onsite student numbers visiting the Museum to achieve the five-year target of engaging over 100,000 schoolchildren annually</td>
<td>Belonging and participation</td>
<td>Social capital</td>
<td>Cultural identity</td>
</tr>
<tr>
<td>Grow offline student numbers through school outreach programmes to achieve the five-year target of engaging over 100,000 schoolchildren annually</td>
<td>Māori identity and wellbeing</td>
<td>Human capital</td>
<td>Knowledge and skills</td>
</tr>
<tr>
<td>Develop at least three New Zealand Curriculum-aligned digital resources that support the Museum’s learning programmes</td>
<td>Pacific identity and wellbeing</td>
<td>Environment and cultural heritage</td>
<td>Social connections</td>
</tr>
</tbody>
</table>

* The Auckland Plan does not have a specific outcome related to its Pacific population. Auckland’s Pacific population, languages and cultural practices and outcomes contribute to Auckland’s distinctive cultural identity. Auckland Museum cares for a significant Pacific collection of tāonga so we have chosen to show this alignment in our strategic measures.
6
Grow our income and enhance value for Aucklanders

The five-year goal outlined in our Five-Year Strategic Plan was to increase self-generated revenue to $12 million by FY 2022/23 and achieve additional funding in commercial sponsorship and charitable giving.

Our revenue aspirations have been severely impacted by the economic effects of the pandemic with significant consequences for the Museum in the coming financial year. With shifting global economies, the likelihood of extended national border restrictions, and the possibility of long-term social distancing, our external environment will continue to be fluid, the length of which remains unclear.

Predominantly driven by the international tourism market, the Museum generates its own revenue, which on top of the levy provided by Auckland Council, allows us to add additional value to Aucklanders. This occurs primarily through admissions, performances and tours, conferences and commercial venue hire, as well as incremental spend onsite through retail and food and beverage outlets.

In the near-to-medium-term, our focus will be almost entirely on our regional and local audiences. Our commitment to free general admission entry for every Aucklander remains unchanged. And when the time is right for international tourism to return, the Museum will be well positioned to reboot and begin to grow its self-generated revenue again as Auckland’s premier tourism attraction.

How does this strategic priority contribute to the Living Standards Framework?

<table>
<thead>
<tr>
<th>Living Standards Framework Capitals</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social capital</td>
<td>Cultural identity</td>
</tr>
<tr>
<td></td>
<td>Knowledge and skills</td>
</tr>
<tr>
<td>Human capital</td>
<td>Social connections</td>
</tr>
<tr>
<td></td>
<td>Jobs and earnings</td>
</tr>
<tr>
<td>Financial and physical capital</td>
<td>Civic engagement and governance</td>
</tr>
</tbody>
</table>

How will we add value for Aucklanders?

**Key activities we will undertake in FY 2020/21**

- By ensuring the Museum remains an integral part of Auckland’s tourism offering and contributes to a vibrant visitor economy

**Alignment with Auckland Plan outcomes**

- Launch new Museum products during FY 2020/21 that respond to new opportunities to develop our community audiences and to support the domestic tourism market
- Play our part in re-establishing and growing Auckland’s visitor economy through alignment with central and local government initiatives
- With partners from the cultural sector, identify and prioritise key collaboration initiatives for the Museums of Auckland (MoA) to undertake in FY 2020/21
## Attachment A

### Item 8

<table>
<thead>
<tr>
<th>Measures we will audit and track over time</th>
<th>Alignment with the Auckland Plan</th>
<th>Living Standards Framework Capitals</th>
<th>Living Standards Domains of Current Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create 10 new opportunities annually for students to undertake internships or scholarships within the real-time professional museum environment</td>
<td>Belonging and participation</td>
<td>Social capital</td>
<td>Cultural identity</td>
</tr>
<tr>
<td>Deliver one new volunteer workforce development initiative annually</td>
<td></td>
<td>Human capital</td>
<td>Knowledge and skills</td>
</tr>
<tr>
<td>Deliver $537m of self-generated revenue through commercial operations, sponsorship, philanthropic giving and donations by FY 2022/23</td>
<td>Financial and physical capital</td>
<td>Income and consumption</td>
<td>Social connections</td>
</tr>
</tbody>
</table>

Midway through our Five-Year Strategic Plan, we are now facing a very different operating environment and anticipate these impacts to be felt as the full effects of the pandemic become apparent over the next 12 to 24 months. Our trajectory to achieve the ambitious measures we had set ourselves will be slower than anticipated.
### Financial Projections 2020/2021

#### Operating Revenue ($M's)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Councils</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
</tr>
<tr>
<td>Commercial Activities</td>
<td>4.8</td>
<td>5.2</td>
<td>5.4</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Admission Fees</td>
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<td>2.4</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
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<tr>
<td>Exhibitions, Sponsorship and Events</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Endowments, Education and Public Programming</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Interest Revenue</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>Other Income*</td>
<td>0.99</td>
<td>0.99</td>
<td>0.99</td>
<td>0.99</td>
<td>0.99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21.6</td>
<td>21.2</td>
<td>22.5</td>
<td>22.6</td>
<td>22.6</td>
</tr>
</tbody>
</table>

*Calculations in order to provide greater visibility of operating revenue.

#### Self-Generated Revenue ($M's)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Councils</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
<td>15.1</td>
</tr>
<tr>
<td>Self-Generated Revenue</td>
<td>9.4</td>
<td>9.8</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34.5</td>
<td>35.0</td>
<td>35.1</td>
<td>35.1</td>
<td>35.1</td>
</tr>
</tbody>
</table>
Financial Projections 2020/2021 (continued)

The Museum signals in its Five-Year Strategic Plan it would seek to grow its self-generated revenue to enable it to ensure more Aucklanders experience more of their Museum — onsite, offline in their community and online. Driving our self-generated revenue enables the Museum to reduce the degree of reliance on the levy and strengthen economic resilience.

The economic effects of the pandemic will have significant financial consequences for the Museum. We anticipate the impact of the pandemic will be felt for the next 12 to 24 months, with slow recovery.

This loss of revenue, is driven predominantly by the absence of the international tourism market, through admissions, performances and tours, reductions in large gatherings for conferences and commercial venue hire and reduced spend onsite through retail and food and beverage outlets.

Revenue generated by the introduction of international special exhibitions was a key component of FY 2020/21 revenue. While we remain committed to the importance of international special exhibitions in bringing the world to Auckland, in the short term this will no longer be possible due to the potential of extended periods of social distancing. We remain in dialogue with our partners across the globe and will review this when it is safe and practicable for us to do so.

Operating Expenditure ($M’s)

<table>
<thead>
<tr>
<th>OPERATING EXPENDITURE (50%)</th>
<th>FY 2019/20 Actual</th>
<th>FY 2019/20 Budget</th>
<th>FY 2020/21 Plan</th>
<th>FY 2020/21 Indicative</th>
<th>FY 2021/22 Indicative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reach out to more people</td>
<td>5.36</td>
<td>5.43</td>
<td>4.81</td>
<td>4.73</td>
<td>5.02</td>
</tr>
<tr>
<td>Transform our buildings and collections</td>
<td>1.24</td>
<td>1.15</td>
<td>0.95</td>
<td>0.97</td>
<td>0.94</td>
</tr>
<tr>
<td>Strengthen relationships</td>
<td>0.96</td>
<td>1.10</td>
<td>1.18</td>
<td>1.15</td>
<td>1.10</td>
</tr>
<tr>
<td>Grow our income and enhance value for Aucklanders*</td>
<td>10.77</td>
<td>9.60</td>
<td>9.79</td>
<td>9.90</td>
<td>10.50</td>
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<tr>
<td>Administration</td>
<td>9.17</td>
<td>9.03</td>
<td>8.73</td>
<td>8.93</td>
<td>9.50</td>
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<tr>
<td>Total</td>
<td>41.59</td>
<td>41.79</td>
<td>39.23</td>
<td>39.76</td>
<td>41.81</td>
</tr>
</tbody>
</table>

* Reclassified in order to provide greater visibility of operating expenditure.

Reach out to more people

Public experience role as Auckland’s unique memorial, Main and Pacific community engagement, marketing.

Transform our buildings and collections

Maintenance and security of the Museum’s heritage assets, stewardship and development of our collections.

Strengthen relationships

Research and audience services, cultural knowledge development and exchange.

Grow our income and enhance value for Aucklanders

Information technology, digital experience and delivering our collections and information online.

Engage and enrich children

Learning and engagement, public programming and exhibitions delivering educational experience to schools onsite, offline and online.

Grow our income and enhance value for Aucklanders

Social enterprise and business services costs.

Two versions of operating expenditure are provided. Presented above is operating expenditure by strategic priority which is best practice by international museum standards.

Financial Projections 2020/2021 (continued)

Operating Expenditure ($M’s)

Presented below is the operating expenditure shown by business areas at the Museum.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Operations</td>
<td>2.41</td>
<td>2.43</td>
<td>2.27</td>
<td>2.20</td>
<td>2.54</td>
</tr>
<tr>
<td>Exhibitions*</td>
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<td>2.79</td>
<td>2.91</td>
<td>2.81</td>
<td>2.46</td>
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<tr>
<td>Marketing and Relationship Solutions</td>
<td>2.36</td>
<td>2.51</td>
<td>2.71</td>
<td>2.72</td>
<td>2.02</td>
</tr>
<tr>
<td>Learning, Education and Public Programmes</td>
<td>2.73</td>
<td>2.83</td>
<td>2.73</td>
<td>2.72</td>
<td>2.47</td>
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<tr>
<td>Visitor Services and Visitor Management</td>
<td>2.83</td>
<td>2.90</td>
<td>2.90</td>
<td>2.85</td>
<td>2.51</td>
</tr>
<tr>
<td>Digital Experience*</td>
<td>0.07</td>
<td>0.06</td>
<td>0.05</td>
<td>0.05</td>
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</tr>
<tr>
<td>Ne-Kirihimete Whakawātea TV*</td>
<td>0.53</td>
<td>0.54</td>
<td>0.53</td>
<td>0.54</td>
<td>0.58</td>
</tr>
<tr>
<td>Total</td>
<td>15.64</td>
<td>15.36</td>
<td>15.32</td>
<td>15.31</td>
<td>15.58</td>
</tr>
</tbody>
</table>

* Reclassified in order to provide greater visibility of operating expenditure.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Collections</td>
<td>1.74</td>
<td>1.54</td>
<td>1.51</td>
<td>1.50</td>
<td>1.65</td>
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<tr>
<td>Horticulture</td>
<td>2.56</td>
<td>2.31</td>
<td>2.50</td>
<td>2.42</td>
<td>2.44</td>
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<td>Health, Safety and Security</td>
<td>1.03</td>
<td>0.94</td>
<td>0.94</td>
<td>0.93</td>
<td>0.93</td>
</tr>
<tr>
<td>Governance and Compliance*</td>
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<tr>
<td>Total</td>
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<td>10.24</td>
<td>10.24</td>
<td>10.23</td>
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</table>

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Management, Finance and Administration</td>
<td>3.02</td>
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<td>2.88</td>
</tr>
<tr>
<td>People and Operations</td>
<td>1.85</td>
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<td>1.57</td>
<td>1.56</td>
<td>1.56</td>
</tr>
<tr>
<td>Governance and Compliance*</td>
<td>0.15</td>
<td>0.12</td>
<td>0.12</td>
<td>0.12</td>
<td>0.12</td>
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<tr>
<td>Total</td>
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<td>4.08</td>
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</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>49.80</td>
<td>49.75</td>
<td>50.25</td>
<td>50.74</td>
<td>49.91</td>
</tr>
</tbody>
</table>

* Reclassified in order to provide greater visibility of operating expenditure.
**Finance Projections 2020/2021 (continued)**

**Operating Expenditure ($M's)**

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**Governance Costs ($000's)**

<table>
<thead>
<tr>
<th>GOVERNANCE COSTS</th>
<th>FY 2019/20 Actual</th>
<th>FY 2019/20 Budget</th>
<th>FY 2020/21 Plan</th>
<th>FY 2021/22 Initiative</th>
<th>FY 2022/23 Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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Trust Board remuneration is reviewed by an independent external advisor. This independent assessment is benchmarked against other organisations of similar size and complexity operating in a local government environment. Considering the current economic downturn due to the pandemic, the Trust Board has resolved to reduce its fees by 10% in FY 2020/21.

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**Capital Expenditure ($M's)**

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</thead>
<tbody>
<tr>
<td>Reach out to more people</td>
<td>2.64</td>
<td>3.75</td>
<td>4.85</td>
<td></td>
<td></td>
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<tr>
<td>Transform cur building and collections</td>
<td>4.07</td>
<td>4.53</td>
<td>4.73</td>
<td>4.73</td>
<td>4.73</td>
</tr>
<tr>
<td>Enhance our thinking</td>
<td>2.13</td>
<td>2.13</td>
<td>2.13</td>
<td>2.13</td>
<td>2.13</td>
</tr>
<tr>
<td>Lead a digital museum revolution</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
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<tr>
<td>Engage every schoolchild</td>
<td>0.86</td>
<td>0.86</td>
<td>0.86</td>
<td>0.86</td>
<td>0.86</td>
</tr>
<tr>
<td>Grow our income and enhance value for Aucklanders</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
<td>1.68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15.82</td>
<td>15.82</td>
<td>15.82</td>
<td>15.82</td>
<td>15.82</td>
</tr>
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</table>

The capital works taking place throughout FY 2019/20 and FY 2020/21 will optimise the Museum’s destination building, enabling a strong platform for growth. An expanded visitor experience ensures the Museum remains relevant to a growing and diversifying Auckland.

The Museum remains committed to completing the programme of building works currently in progress to transform the visitor experience in order to support Auckland’s revival.

---

**Capital Expenditure ($M's)**

- Reach out to more people
- Transform cur building and collections
- Enhance our thinking
- Lead a digital museum revolution
- Engage every schoolchild
- Grow our income and enhance value for Aucklanders
Financial Projections 2020/2021 (continued)

Capital Expenditure (by business category) ($M's)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Plan</td>
<td>Actual</td>
<td>Budget</td>
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<tr>
<td>Capital Transformation</td>
<td>16.14</td>
<td>60.54</td>
<td>6.35</td>
<td>27.54</td>
<td>5.52</td>
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<tr>
<td>ICT</td>
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<td>1.57</td>
<td>1.62</td>
<td>1.59</td>
<td>1.62</td>
</tr>
<tr>
<td>Building Heritage and Security</td>
<td>1.09</td>
<td>3.18</td>
<td>1.44</td>
<td>1.50</td>
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<tr>
<td>Information Technology</td>
<td>0.33</td>
<td>0.40</td>
<td>0.87</td>
<td>1.00</td>
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<tr>
<td>Public Experience</td>
<td>0.20</td>
<td>0.20</td>
<td>0.30</td>
<td>0.23</td>
<td>0.73</td>
</tr>
<tr>
<td>Facility, Commercial and People</td>
<td>0.05</td>
<td>0.05</td>
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<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>Total</td>
<td>21.26</td>
<td>68.41</td>
<td>10.13</td>
<td>11.90</td>
<td>9.79</td>
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</table>

The completion dates on some of the FY 2019/20 projects currently underway have been deferred due to the outbreak of COVID-19. These projects are now due for completion in FY 2020/21. The deferred project spend is estimated to be around $20m which forms part of the FY 2019/20 ‘Capital Transformation’ budget of $50.54m. This expenditure will be incurred in FY 2020/21.

These carry-over amounts, once finalised as at 30 June 2020, will form part of the FY 2020/21 budget and will be presented in the subsequent Annual Plan.

Asset Replacement Reserve Balance ($M's)

In line with major museums globally, the requirement to refresh significant holdings and iconic attractions presents challenges of a different nature to short-term asset replacement. These large-scale projects require careful balancing of planning and spending cycles. Spending too little on a regular annual capital basis, would result in substantial outcomes in terms of capital efficiency, project management and the visitor experience.

The Asset Replacement Reserve (ARR) has, therefore, been the mechanism for meeting future capital needs. A portion of the annual levy from Auckland Council is allocated to the ARR for longer-term purchases and replacement. These funds are invested in accordance with the Statement of Investment Policy and Objectives, approved by the Trust Board. The ARR balance has been supplemented by sponsorship, fundraising initiatives, investment income and external borrowing.

Proud stewardship over the ARR reserve witnessed the fund grow over a period of years. This has enabled the Museum to undertake the current capital programme in line with the Heritage Asset Management Plan, whilst maintaining a steady and predictable drawdown. The investment returns on these funds along with fundraising successes have ensured the Museum has had sufficient funds to meet the replacement cost of assets when needed.

As illustrated in the graph to the left, careful planning and delivery of the capital transformation programme that are currently underway will see the balance of the ARR reserve reduce significantly. This programme of capital transformation works is already committed and significantly advanced, but construction has been interrupted and delayed due to the pandemic lockdown, and these works will now be completed in the first half of FY 2021/22. This will result in the ARR balance reducing significantly in subsequent years. With the major investment complete, moving forward, our intention is to be more agile in our approach to heritage management capital development.
Financial Commentary

FY 2020/21: Shifting our focus to consolidation, continuity and recovery

Transformation has always been at the centre of our Five-Year Strategic Plan. While FY 2020/21 was planned to be the watershed year when the new visitor experience would be revealed, the reemergence of COVID-19 will impact our delivery timelines.

With shifting global economies, and the likelihood of extended national border restrictions, our revenue expectations have been severely impacted and will remain so for the foreseeable future. COVID-19 has severely disrupted our scheduled builds and openings, our planned exhibitions and events.

The original Draft Annual Plan FY 2020/21 anticipated the Museum increasing its self-generated revenue to $18.82 million, a 27% increase on FY 2019/20. These revenue streams were to be driven predominantly by international tourism, and as such have disappeared.

We anticipate re-opening to our public and communities with this revised Annual Plan, a reduced public programme in the first half of FY 2020/21 and an increased cost structure due to the loss of tourism visitation and spend.

While our doors may be closed, we have continued to engage with local, national and international audiences via our website, social media and other digital channels to share the many compelling stories of the Museum’s collections, knowledge and its people. The impact of the COVID-19 alert levels and the importance of social distancing for the foreseeable future will strengthen that digital engagement as, for the first six months of FY 2020/21, we took our public programmes and education offerings online.

However, before the end of FY 2020/21, we will unveil our new public and community spaces offering new galleries, education and circulation spaces, together with expanded dining and retail experiences. This reveal will be an important contribution to the revitalisation of civic and cultural life in New Zealand’s largest city. The new Learning Space will transform our learning offering and deliver innovative educational programmes to all our onsite learners. This will be supplemented by optimisation of our Museum entry and orientation spaces for all our visitors.

One impact of the new reality has been the necessity to re-schedule our International Special Exhibitions programme. Because of the current environment, our first major touring exhibition in our new special exhibition space, Ancient Greece: Metamorphosis, Women and Heroes from the British Museum, due to be open in July 2020, has been postponed. We continue to work with our venue partners in Australia to re-schedule the exhibition for Auckland at a later date. As we enter a period where international travel will continue to be restricted, more than ever, we remain committed to bringing the world to Auckland at a time that is right to do so. The Museum’s special exhibitions programme will form an integral part of the city’s plans to encourage New Zealanders to visit Auckland.

While admission to the Museum remains free for Aucklanders, those wishing to have a deeper Museum experience will be able to elect to join a new Museum Membership scheme. Membership will be launched to align with the re-opening of the visitor transformation and special exhibitions.

As we transition our business to accommodate the impacts of this global pandemic, we remain committed to maintaining our engagement with the communities we serve so that we continue to improve the social, cultural and intellectual wellbeing of all Aucklanders.
Financial Commentary
(continued)

The FY 2020/21 Levy

The Revised Draft Annual Plan FY 2020/21 reflects the changed context in which we will operate as a result of the COVID-19 pandemic, which saw the Museum incur substantial revenue losses of over $1m (27% of total income). This challenging outcome is driven predominately by the absence of international tourists, who drive income through admissions, cultural performances, guided tours, conferences, commercial versus hire, as well as through retail and food and beverage sales.

We have taken the necessary steps to respond to a new financial reality. Our operational cost base has been reduced, projects have been deferred and our public programmes adapted. Consequently, we are planning for an operating deficit of circa $1m in FY 2020/21. The resulting deficit in FY 2020/21 will primarily be funded by an unsecured short-term debt facility. Any borrowings undertaken will be repaid in the subsequent year.

The following two years will be a period of continuity and recovery for the Museum, at the end of which the Museum’s finances are projected to be in balance again. The Trust Board and senior executive of the Museum have confidence that the Annual Plan offers the best prospect for stabilisation of the financial position and a sound platform for operational recovery within a 24-month horizon.

For that reason, this revised Draft Annual Plan includes no levy rate increase for the next financial year. It requests the same levy as the Museum received in FY 2019/20 ($52.292m), reflecting what will be a year of consolidation, business continuity and slow recovery.

This levy will ensure that Tāmaki Paenga Hira Auckland Museum can deliver on its core statutory objectives under Section 9 of the Auckland War Memorial Act 1996, maintain its essential functions and core capability as a major metropolitan museum without long-term harm and enable the Museum to play its part in contributing to Auckland’s economic and social recovery.

We express our sincere gratitude to Auckland Council, our donors and the people of Auckland for their support as we continue to perform our civic anchor role as the city’s Museum and war memorial.
1 May 2020

Chris Brooks
Chief Executive
Regional Facilities Auckland

Via email: Chris.Brooks@rfal.co.nz

Cc: Maree Laurent, Alistair Cameron, Ed Siddle
Cc: Megan McSweeney (Director External Affairs) Jignasha Patel (Director Finance & Enterprise)

Tēnā koe Chris

AUCKLAND MUSEUM REVISED DRAFT ANNUAL PLAN FY 20/21

Thank you for the email outlining the changes to Auckland Council processes. COVID-19 has required the Auckland War Memorial Museum to review and adjust its plans in order to respond to the changed circumstances in which we find ourselves. The Museum is acutely aware of just how significantly the funding and operating environment has changed since we submitted our Draft Annual Plan (DAP) earlier this year.

The revised Draft Annual Plan for FY 20/21, Tāmaki Paenga Hira Auckland War Memorial Museum was approved by the Museum’s Trust Board on 30 April 2020 and has been provided to the Taumata-ā-Iwi, Auckland Museum Institute and Pacific Advisory Board as key stakeholders for discussion on Monday 4 May. As previously communicated, we will be sending the revised DAP to you by Wednesday 6 May, but I am writing to you in response to your request for earlier information on the key decisions the organisation has made.

The DAP has been revised based on the feedback received from Regional Facilities Auckland/Auckland Council to ensure that it reflects how the Museum will change its operations, and so that Auckland Council and the ratepayers of Auckland can have confidence in the Museum’s response to this crisis.

The Museum has been severely affected by the economic effects of the pandemic. Auckland Museum’s cost structure, revenue streams, and visitation, are of a scale quite different from all other local government-funded metropolitan museums in New Zealand, and have much more in common with Te Papa. This has necessitated the Museum to make more severe cuts and revisions than our counterparts in Auckland will be making at this time.
The Impact of COVID-19 on the Museum

The economic effects of the pandemic have significant financial consequences for the Museum. We anticipate the impact will be felt for the next 12 to 24 months, with slow recovery.

The original DAP prior to COVID-19 anticipated the Museum increasing its self-generated revenue to $11.8 million, a 27% increase in self-generated revenue on prior year. These revenue aspirations have been severely impacted by COVID-19 and will remain so for the foreseeable future.

Our revised DAP now includes a 92% decrease (c.$11m) in self-generated revenue when compared to the original DAP.

This loss of revenue is caused predominately by the absence of international tourism, which drives income through admissions, performances, guided tours, conferences, commercial venue hire and through retail and food & beverage sales.

In the past few years, the Museum has relied heavily on this self-generated revenue to contribute to fund our operational needs and reduce the ask on ratepayers. To offset the expected decrease of $11 million in revenue in FY20/21 the Museum has been required to embark on far-reaching cost reduction initiatives which are briefly outlined below.

Overall these represent the Museum cutting back to core activities and funding as a platform for recovery. These measures will deliver a cost saving of over $8 million in FY 20/21, equating to almost 19% of our operational cost base.

Consequently, we are planning for an operating deficit of circa $3m in FY 20/21. The Museum is not seeking additional ratepayer support to cover this deficit. The following two years will be a recovery period for the Museum, challenging from both an operational and financial perspective.

Responding to the Financial Challenges

The Museum has responded to take the necessary steps to address the new financial reality. Our operational cost base for FY20/21 has been reduced by 19 % ($8.3 million), projects have been deferred and our programmes adjusted, resulting in a net deficit of $3m.

Included amongst these initiatives are:

- The deferment of planned new gallery redevelopments;
- Reduction in Commercial activities cost base in response to reduced revenues;
- Taking our education and public programmes online in the first half of FY20/21, in response to social distancing requirements which make onsite activity impracticable;
- The cancellation of outreach activities in first half FY20/21 in line with social distancing;
- The reshaping of our Special Exhibitions programme;
- Resizing the business and reducing head count in line with reduced activities resulting in labour cost savings of more than $3m;
- Re-focusing activities on local and domestic tourism markets; and
- Reducing Trust Board fees
The revised DAP makes these reductions in ways that will maintain essential functions and core capability of the Museum in order to reduce the possibility of long-term harm and facilitate our ability to recover. Any further expenditure reductions would mean that the Museum is not able to deliver its core objectives under s.11 of the Auckland War Memorial Museum Act 1996.

**People Costs**

The Museum received the Government wage subsidy which allowed us to keep all our people employed until the end of June 2020. A range of additional cost saving measures were applied immediately which have included voluntary leave, leave without pay, and a recruitment freeze.

However, our new financial reality means that for FY20/21 we must significantly cut our staffing numbers in line with reduced activities. We are planning on achieving labour cost savings of $3m, with an FTE reduction of up to 26% of the Museum’s workforce by December 2020. For remaining personnel, the Museum has budgeted for zero annual salary increases in FY 20/21.

We have not yet announced these anticipated changes and will share more with you once we have communicated these to our people in the first instance, which we expect will be within the next week or two.

**Financial Reserves**

We note that in your letter dated 9 April 2020, you referred to the Museum’s financial reserves. As has been communicated consistently through past Draft Annual Plans, these reserves have been expended progressively over the past few years on Phase 1 of the Museum’s Future Museum capital development programme, which will conclude in FY20/21.

Our programme of capital transformation is already committed and significantly advanced, but construction has been interrupted and delayed due to the lockdown. Our first priority, when we are able to operate safely back on site, will be its completion over the first half of FY 20/21.

**FY 2020/21 Levy**

Auckland Museum is acutely aware of the constraints on Auckland Council’s budgets and cognisant of the need for restraint. For that reason, this revised DAP requests no levy rate rise for the next financial year.

The levy request of $32.292m reflects the minimum funding level to enable to the Museum to deliver its statutory functions and focus on business continuity and recovery.

We believe that this request represents good value for money for Auckland ratepayers, and certainly within the context of the significant cuts that the Museum will be making.

We look forward to providing you with the completed plan with the accompanying detail by 6 May, and to continuing to work collaboratively with you to expedite the process in the coming days.
We appreciate the efforts being made to progress Council decision-making during this challenging time.

Ngā mihi nui,

Dr David Gaimster
Chief Executive
9 April 2020

Auckland War Memorial Museum
Attention Orchid Atimalala
AWMM Board Chair
Private Bag 92018
Victoria Street West
Auckland 1142

By email orchida@orccon.net.nz

Kia Ora Orchid,

Auckland War Memorial Museum (AWMM) Draft Annual Plan 2020/21

I am writing to you about the Auckland War Memorial Museum Draft Annual Plan and levy for 2020/2021. In discussion with Auckland Council including with senior staff and some senior elected members, Regional Facilities Auckland (RFA) has been asked to work with Auckland Museum on revisiting the funding requested for the 20/21 financial year.

Since the Museum sent RFA and Auckland Council its final draft Annual Plan on 19 March 2020, the context in which we all work has changed significantly as a result of the Covid-19 pandemic. This requires, in our collective view, a rethink of how we together set the Museum’s funding for 2020/2021.

At a strategic level, the final draft Plan supplied does not now reflect an accurate picture of the likely activities of Auckland Museum in the forthcoming financial year. This is a basic requirement of the draft Annual Plan under s22(2)(b) and (c) of the Auckland War Memorial Museum Act. From a decision-making standpoint, the advice from Auckland Council to RFA is that it is difficult to see how they could agree to a levy amount which is based on activities which in many cases will not take place.

We note that it is likely to be challenging to achieve an agreed Annual Plan by the legislative timeframe of 30 April 2020. Auckland Council has spoken to Government about the possibility of an Order in Council to relax formal legislative timeframes in statutes such as the Auckland War Memorial Museum Act. However, if the request is not granted, RFA has been advised that Auckland Council’s understanding is that an Annual Plan approved after the legislative deadline would be unlikely to be deemed invalid, as long as best efforts to approve a Plan are demonstrated. In either case, this would allow the Museum more time in which to assess its financial and strategic position and come back to RFA with a revised draft Annual Plan and levy request.

In both these scenarios, a draft Annual Plan could potentially be expedited through Auckland Council’s Emergency Governing Body committee, which sits every Thursday while the national emergency continues, with the aim of completing the levy process in time for payment on or before

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Tel: +64 9 309 2677 | Fax: +64 9 309 2679 | www.rfal.co.nz
1 July. An agreed position would be required a minimum of ten working days prior to the committee meeting, for the covering report to be prepared and approved.

However, we are well aware that it may take (or be desirable to take) much longer than a month or six weeks to generate a true picture of the Museum’s position and planned activities, and even a decision that is completed in late May, may not provide the certainty the Museum needs to plan right now.

Another option therefore would be to bypass the levy process altogether and agree an amount to be provided by way of a funding agreement, which could cover the Museum for an agreed period (such as six months). This could be completed relatively swiftly, to provide security to the Museum, its staff, and its collections, and allow for detailed planning for 2020/2021 to commence. The Museum could then come back to RFA with a detailed Plan for discussion later in 2020, to determine the second portion of the 2020-2021 funding quantum.

We invite the Museum Board to consider these options, or any others which it wishes to propose, and formally respond to RFA as soon as possible. Pending this response, the report currently tabled for the Auckland Council meeting on the 23rd of April, has been put on hold.

Regardless of which is the course of action the Museum wishes to take, there are some key principles which we would recommend the Museum keeps in mind:

- The draft Annual Plan and levy request should reflect a robust assessment by the Museum of its needs. Our reading of the legislation is that the levy needs to reflect “the minimum obligations placed upon the Board by [the] Act”. These obligations relate to the purposes of the Museum in the Act, and the need to operate and maintain the Museum.

- At this time, the Museum should reflect carefully on what these minimum obligations are, and what the strategic priorities for the Museum are over the term of the strategic plan, given the likely reduction in visitor numbers, especially from overseas. In particular, the Museum should closely look at the costs of any planned exhibition programme. This also means seeking to cut costs across all non-essential activity, as RFA and Auckland Council are doing, and where there is an ability to defer activities or exhibitions to future years.

- The collections, their care, and staffing lie at the heart of the value proposition of the Museum for Auckland, and its ability to engage with Auckland and New Zealand communities. While half of the Museum’s expenditure (approximately) lies in staff costs, given the security of Council funding, we would expect that looking after staff should be a high priority for the Museum Board, as this will also help the museum in the recovery phase – and help the Museum continue activity such as documenting the pandemic itself, which will be essential for future generations.

- The Museum has reserves, and a portion of its funding is directed to routine maintenance and future development. The Museum should be considering whether these funds are able to be applied differently in the short term. The Museum should also look to finalise its Asset Management Plan.

- RFA is aware that the Auckland Council group is in a situation where the full impacts of Covid-19 remain uncertain and is therefore taking a cautious approach to all spending, both opex and the timing of the capital programme. However, it is clear that the financial position will become challenging. Our priority at RFA and Auckland Council at this time is to maintain the essential services provided to Aucklanders, while reducing costs where we...
can. In this context, the Museum should consider very carefully what it requests in relation to funding, and that it accords closely with the minimum obligations referred to above. This would demonstrate that the Museum is willing to operate within the same constraints as the rest of the organisations who are funded by Auckland Council at this very challenging time.

I look forward to working closely with the museum to bring an agreed plan and potential levy to Council for approval, and supporting the Museum through what will be a difficult time for the board, staff, their families and whanau.

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

Yours sincerely

Chris Brooks
Chief Executive

CC
David Gaimster, Chief Executive
Alastair Cameron, Manager CCO/External Partnerships team, Auckland Council
Te take mō te pūrongo

Purpose of the report

1. To note the amendments to the relevant New Zealand Local Government Funding Agency (LGFA) legal documents and delegate signing of the legal documents to the chair and deputy chair of the Finance and Performance Committee.

2. To note proposed changes to LGFA’s Foundation Policies.

3. To restate existing delegations to the chair of the Finance and Performance Committee and the group chief financial officer to determine how Auckland Council exercises its rights in relation to LGFA.

Whakarāpopototanga matua

Executive summary

4. LGFA are proposing to amend some of their legal documents to:
   a) implement decisions made at the annual general meeting on 21 November 2018 to enable council-controlled organisations to borrow directly from LGFA and for local authorities to apply for LGFA covenants to be tested at a group level rather than parent level (Auckland Council voted in favour of those amendments at the 21 November 2018 AGM)
   b) increase the amount of borrower notes issued to a local authority when it borrows from LGFA (this decision was made by the LGFA board)
   c) make other minor technical improvements to the borrowing programme, including to facilitate the provision of committed standby borrowing facilities.

(together the “Amendments”)

5. In addition, to manage the financial stress on local authorities as a result of Covid-19 and allow additional flexibility to manage infrastructure investment in the future, LGFA is proposing a change to the Net Debt/Total Revenue financial covenant in the Foundation Policies from the current 250% to 280% (over a period of 6 years), which applies to local authorities with a minimum long-term credit rating of ‘A’ equivalent.

6. This proposed change to the Foundation Policies’ financial covenant needs to be approved by an ordinary resolution of the company’s shareholders. A special general meeting will be held on 30 June 2020 to vote on this change.

7. This report requests that the Finance and Performance Committee:
   • approve the proposed changes to LGFA legal documents and delegate the signing of the legal documents to the chair and deputy chair of the Finance and Performance Committee
   • note the proposed change to the Net Debt/Total Revenue financial covenant in LGFA’s Foundation Policies
   • restate existing delegations to the chair of the Finance and Performance Committee and the group chief financial officer of the authority to determine how the council exercises its rights in relation to LGFA (including the council’s rights as a shareholder in LGFA).
Ngā tūtohunga

Recommendation/s

That the Finance and Performance Committee:

a) note the proposed amendments to the LGFA legal documents and Foundation Policies

b) approve the transactions contemplated by the Amendments and the Documents, including but not limited to:
   i) an amendment and restatement deed to be dated on the date notified by LGFA to the council, between (amongst others) the council and LGFA in relation to the Multi-issuer Deed
   ii) an amendment and restatement deed to be dated on the date notified by LGFA to the council, between (amongst others) the council and LGFA in relation to the Notes Subscription Agreement
   iii) an amendment and restatement deed to be dated on the date notified by LGFA to the council, between (amongst others) the council and TEL Security Trustee (LGFA) Limited in relation to the guarantee

(c) authorise the chair and deputy chair of the Finance and Performance Committee to execute such documents on behalf of Auckland Council, as are necessary or desirable, in connection with the Amendments as defined in recommendation B

d) note the proposed changes to the net debt/total revenue financial covenant in LGFA’s Foundation Policies

e) delegate to the chair of the Finance and Performance Committee and the group chief financial officer:
   i) the authority to determine how the council exercises its rights under the arrangements entered into in relation to the LGFA scheme, including, without limitation, the council’s rights as a shareholder in LGFA
   ii) the authority to do all things necessary or desirable to implement a determination made under the preceding paragraph, including but not limited to the appointment of a proxy to vote on behalf of the council at any meeting of LGFA, the approval of any document and/or transaction necessary or desirable to implement a decision made at any meeting of LGFA shareholders
   iii) the authority to authorise any person or persons to execute all documents necessary or desirable to implement a decision made at any meeting of the LGFA shareholders.

Horopaki

Context

8. LGFA plan to amend their legal documents following decisions made at previous annual general meetings enabling council-controlled organisations to borrow directly from LGFA and enabling local authorities to apply for LGFA covenants to be tested at a group level rather than parent level.

9. In addition, to manage the financial stress on local authorities as a result of Covid-19 and allow additional flexibility to manage infrastructure investment in the future, LGFA is proposing a change to the Net Debt/Total Revenue financial covenant in the Foundation Policies that authorities must maintain.
10. This proposed change to the Foundation Policies’ financial covenant needs to be approved by an ordinary resolution of the company’s shareholders. A special general meeting will be held on 30 June 2020 to vote on this change.

Tātaritanga me ngā tohutohu
Analysis and advice

11. LGFA intends to amend legal documents to:
   a) enable approved council-controlled organisations to borrow directly through the LGFA’s borrowing programme
   b) allow a local authority to apply to LGFA to be tested at the group level, rather than parent level, for compliance with LGFA covenants
   c) increase the amount of borrower notes to be issued to a local authority when it is borrowing
   d) make other minor technical improvements to the borrowing programme (including to facilitate the provision of committed standby borrowing facilities)
   e) change the Foundation Policies to respond to Covid-19 and allow additional flexibility to manage infrastructure investment in the future.

12. To implement these changes, legal documentation will need to be amended. This includes the following documents:
   - multi-issuer deed
   - guarantee and indemnity
   - notes subscription agreement.

13. The documents have been reviewed and approved by LGFA (with the assistance of LGFA’s legal counsel, Russell McVeagh) and by the LGFA Shareholders Council (with the assistance of Simpson Grierson).

Amendment 4 a) – CCO borrowing/compliance tested at a group vs parent level

14. Amendment 4 a) was approved by shareholders at the annual general meeting held on 21 November 2018. Auckland Council voted in favour of these amendments. See the memorandum explaining the amendments set out as Appendix A.

Amendment 4 b) – Increase in the of borrower notes from 1.6% to 2.5%

15. The LGFA board considers the capital structure of the company every second year. At the review in March this year, the LGFA board decided there was a need to increase its capital (money LGFA has stored to provide a buffer against the risk it takes on by making loans to local authorities).

16. The decision to increase capital was made by the LGFA board in response to:
   - a fast-growing balance sheet as LGFA takes on more council members and increases both the LGFA loan book and liquid assets portfolio
   - a global trend to increase capital – LGFA is undercapitalised on a global comparative basis with a capital ratio (capital as a percentage of the loan book) of 2.2% compared to Nordic peers with capital ratios between 3% and 4%
   - domestic banks are increasing their capital at the direction of the RBNZ
   - LGFA wanting to retain the confidence of credit rating agencies and investors and having more capital provides greater comfort to guarantor councils.
17. In these difficult times it is important for LGFA to continue to access debt capital markets on behalf of the sector in order to provide long-dated funding at the lowest possible cost. Increasing the capital base helps LGFA to continue to do this.

18. Following discussions with the LGFA Shareholders Council, the LGFA board resolved that the best way to increase capital was via an increase to the borrower notes percentage from 1.6% to 2.5% to maintain higher capital balances.

19. A borrower note is a financial instrument that a local authority is required to buy from LGFA every time the local authority borrows from LGFA. Currently 1.6% of each borrowing transaction by a local authority is withheld by LGFA in the form of borrower notes. Interest is paid by LGFA to local authorities for this investment. The capital sum of the borrower notes is only required to be repaid by LGFA when a local authority repays the relevant borrowing to LGFA.

20. The implication of this to councils is that, every time a council borrows via LGFA, 2.5% of borrowings will be held back as opposed to 1.6%. This will not be a significant impact to Auckland Council.

Amendment 4 c) – Minor technical amendments

21. LGFA is proposing certain other minor technical improvements to the borrowing programme, including to facilitate the provision of committed standby borrowing facilities.

Amendment 5 – Proposed change to LGFA Foundation Policies

22. LGFA is proposing to raise its Foundation Policies’ financial covenant limit on net debt to total revenue from 250% to 300%. This new covenant limit will be effective for the period ending 30 June 2021 and will then gradually reduce to 280% by the year ending 30 June 2026.

23. The table below outlines the proposed net debt to total revenue covenant by year:

<table>
<thead>
<tr>
<th>Financial year ending</th>
<th>Net debt to total revenue</th>
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<tbody>
<tr>
<td>30 June 2020</td>
<td>&lt;250%</td>
</tr>
<tr>
<td>30 June 2021</td>
<td>&lt;300%</td>
</tr>
<tr>
<td>30 June 2022</td>
<td>&lt;300%</td>
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<tr>
<td>30 June 2023</td>
<td>&lt;295%</td>
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<tr>
<td>30 June 2024</td>
<td>&lt;290%</td>
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<tr>
<td>30 June 2025</td>
<td>&lt;285%</td>
</tr>
<tr>
<td>30 June 2026 and each financial year thereafter</td>
<td>&lt;280%</td>
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24. Note that this debt to revenue ratio calculation is specific to the LGFA covenant limit. There is a different debt to revenue ratio calculation used to measure the council’s borrowing, as set out in the Treasury Management Policy.

25. The objective of this proposed change is to provide local authorities with short to medium-term additional debt capacity to manage financial stress arising from COVID-19.

26. The increased Foundation Policies’ covenants apply only to local authorities with an external credit rating of ‘A’ or higher.

27. A lower limit of 175% applies to unrated local authorities and no changes are proposed for these local authorities.
28. LGFA has advised that the proposed changes have been discussed with both S&P Global and Fitch Ratings (the rating agencies that rate LGFA) and they are comfortable with this proposed relaxation of the net debt to total revenue covenant.

29. These changes have also been discussed with the LGFA Shareholders Council and they support the proposal.

30. Auckland Council’s involvement in LGFA allows access to long-term funding and lower debt servicing costs. LGFA was established primarily to support the local authority sector and in addition it improves the depth in the NZ capital markets.

31. The proposed increase to net debt to total revenue covenant provides financial flexibility to manage the council’s large infrastructure investment programme.

32. Amendments to Foundation Policies requires shareholders' approval by way of an ordinary resolution. This requires approval by a simple majority of more than 50% of votes of the shareholders entitled to vote and voting at the special general meeting.

33. Auckland Council’s shareholding in LGFA is 8.3%.

**Restatement of delegations**

34. When LGFA was established, delegations were set up to provide for how council’s obligations as a shareholder would be exercised. At its June 2011 meeting, Auckland Council’s Governing Body resolved as follows:

   “Delegate to the chief financial officer and the chairperson of the Strategy and Finance Committee the authority to determine how the council exercises its rights under the arrangement entered into in connection with the LGFA scheme, including, without limitation, the council’s rights as a shareholder in the LGFA.”

35. Therefore, the chair of the Strategy and Finance Committee (now Finance and Performance Committee) and the group chief financial officer have delegated authority to determine how the council exercises its rights under the arrangement entered into in connection with the LGFA scheme, including the exercise of council’s voting rights at shareholder meetings.

36. Given that these delegations are dated, it is recommended that the Finance and Performance Committee restate these delegations to the committee chair and the group chief financial officer, and extend those delegations to give the committee chair and the group chief financial officer the ability to implement changes to LGFA documentation required to give effect to decisions taken at shareholder meetings.

**Tauākī whakaaweawe āhuarangi**  
**Climate impact statement**

37. While projects funded via funding from LGFA will have an impact on the environment, the decisions made here in relation to the legal documentation will not.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**  
**Council group impacts and views**

38. Auckland Council Treasury is responsible for securing funding for the group (apart from Ports of Auckland Limited).

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

39. Borrowing is undertaken at a Governing Body level and has no direct impact on local boards.
Item 9

Tauākī whakaaweawe Māori
Māori impact statement
40. While projects funded via LGFA will have interest to Māori, this report deals with the administrative processes of borrowing from LGFA and so has no direct impact on Māori.

Ngā ritenga ā-pūtea
Financial implications
41. Financial implications are discussed in the body of this report.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
42. The report ensures that all legal documents pertaining to borrowing from LGFA have been executed with full legal compliance.

Ngā koringa ā-muri
Next steps
43. If the recommendations are agreed council staff will:

- arrange for the amended legal documents relating to the LGFA’s borrowing programme be signed by the chair and deputy Chair of the Finance and Performance Committee.
- prepare a memo to the chair of the Finance and Performance Committee and the group chief financial officer recommending that, under delegation, they vote for the proposed change to the Foundation Policies at the Special General Meeting to be held on 30 June 2020.

Ngā tāpirihanga
Attachments

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<th>No.</th>
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<tbody>
<tr>
<td>A</td>
<td>Memo to the chair of the Finance and Performance Committee and group chief financial officer, relating to the LGFA AGM dated 16 October 2018</td>
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Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Andrew John - Treasury Funding Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>John Bishop - Group Treasurer</td>
</tr>
<tr>
<td></td>
<td>Kevin Ramsay - Acting Group Chief Financial Officer</td>
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</tbody>
</table>
Memo

To: Councillor Ross Clow / Matthew Walker, Group Chief Financial Officer
From: John Bishop, Treasurer and General Manager Financial Transactions
Date: 16 October 2018
Subject: Local Government Funding Agency – Annual General meeting

Auckland Council is an 8.29% shareholder in the Local Government Funding Agency (LGFA), who are holding their Annual General Meeting (AGM) in Wellington on 21 November 2018. Auckland Council, as a shareholder, is entitled to vote on the matters being considered at the AGM¹.

The Governing Body, at its June 2011 meeting, resolved as follows:

Delegates to the Chief Financial Officer and the Chairperson of the Strategy and Finance Committee the authority to determine how the Council exercises its rights under the arrangements entered into in connection with the LGFA Scheme, including, without limitation, the Council’s rights as a shareholder in the LGFA.

Therefore the Chair of the Strategy and Finance Committee (now Finance and Performance Committee) and the Group Chief Financial Officer have delegated authority to exercise Council’s voting rights at the AGM.

The memo requests that the Chair of the Finance and Performance Committee and Group Chief Financial Officer authorise Andrew John to vote on Council’s behalf at the AGM. It is intended to vote in the following manner:

- Resolutions 1 and 2
  - For re-electing John Avery as an Independent Director
  - For re-electing Michael Timmer as a non-Independent Director

- Resolutions 3 and 4
  - For re-electing Hamilton City Council as a Nominating Local Authority
  - For re-electing Tauranga City Council as a Nominating Local Authority

¹ Refer to the Appendix for matters to be considered at the AGM
Item 9

- Resolution 5
  - For approving the changes to the foundation policies of the Company
  - Two changes to the foundation policies are proposed as follows:
    - Measuring council compliance with LGFA covenants at the group level to align with the approach taken by external credit agencies (currently compliance is measured at the parent level). Auckland Council is the most likely local authority to seek to have its covenants tested at the group level. This is because it has issued international debt securities, and having an aligned position with its credit agency is useful to it.
    - The Shareholders' Council has made its support for the amended policy conditional on there being no additional risk to either lenders, guarantors or the Crown created. In its Letter of Expectations to LGFA, the Shareholders' Council will seek disclosure of relevant information periodically to enable an assessment of the impact on costs and risks to be made.
    - Lending to Council-controlled organisations directly. Currently council can borrow from the LGFA and on-lend to CCOs when required. Direct lending between the LGFA and CCOs would reduce transaction and compliance costs.
    - The Shareholders Council supports both these policy changes as being consistent with the LGFA’s primary objective to optimise the debt funding terms and conditions for participating local authorities.
      
      Management is comfortable with the proposed changes as being unlikely to increase the Council’s risk as either a borrower or a shareholder of LGFA.

Attached as Appendix 1 is a letter for the Chair of the LGFA Stakeholders Council providing further background to the resolutions.

Attached as Appendix 2 is an explanatory note from the LGFA which discusses the rationale for the changes to the Foundation Policies.
Approved:

<table>
<thead>
<tr>
<th>Name and title of signatories</th>
<th>Date</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Councillor Ross Clow</td>
<td>29/10/18</td>
<td></td>
</tr>
<tr>
<td>Chair Finance and Performance Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matthew Walker</td>
<td>29/10/18</td>
<td></td>
</tr>
<tr>
<td>Group Chief Financial Officer</td>
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</table>
11 October 2018

The Shareholders
NZ Local Government Funding Agency

Dear Shareholder

You have recently received papers from the LGFA for its Annual General Meeting (AGM) on 21 November 2018. The Shareholders’ Council (SC) has considered this material and wishes to make recommendations to help with your decision making prior to the AGM.

Our role (as per the Shareholders’ Agreement) includes requirements to:

- make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors.
- make recommendations to Shareholders as to any matters which require the approval of Shareholders

Our recommendations on the different AGM resolutions are as follows:

**Resolution 1 - Re-election of John Avery – Independent Director**

*The SC supports this re-appointment.*

John Avery has been on the Board Chair since inception; leading the LGFA successfully through its formative stages and subsequent development into a successful organisation that is now the primary lender to the local government sector. His experience in the governance of cooperative-based organisations is particularly relevant to LGFA.

As the longest-serving Independent Director, John is required to retire under the terms and conditions of the LGFA Constitution.

A biography for John is included in the Explanatory Notes to the AGM Notice of Meeting. The SC acknowledges the significant contribution John has made to the organisation’s success to date, and fully endorses his re-election.

**Resolution 2 – Re-election of Mike Timmer – Non-Independent Director**

*The SC supports this appointment.*

Mike Timmer is the incumbent Non-Independent Director.

As the only Non-Independent Director he is required to retire under the terms and conditions of the LGFA Constitution.

Mike was appointed to the Board following the recommendation of the SC in 2015 and re-elected in 2016 and 2017. Mike is the Treasurer of Greater Wellington Regional Council and seeks re-election.

A biography for Mike is included in the Explanatory Notes to the AGM Notice of Meeting.
Resolutions 3 & 4 - Re-election of Nominating Local Authorities

The SC supports both these re-appointments.

Hamilton City Council has been represented by David Bryant since 2016.

Tauranga City Council will be represented by Mohan de Mel, who has been involved with LGFA since its inception.

Both councils have been Participating Local Authorities since the inception of the LGFA.

We are not aware of any other Councils that wish to have direct representation on the SC at this time and no other nominations have been received.

Resolution 5 - Changes to Foundation Documents

The SC supports these changes.

Both changes have been initiated through requests by shareholding councils and reflect the growing evolution of LGFA’s service delivery model to meet the overall needs of the sector.

The 2018/19 Letter of Expectation included a request for the Board to “examine the way debt covenants are calculated, to see whether it would be appropriate to have the LGFA methodology more closely aligned with the calculations used by rating agencies”.

This led to a commitment in the 2018/19 LGFA Statement of Intent for LGFA to “review its debt covenant methodology and assessment of council financial position at group vs. parent. LGFA will present its findings to councils at the LGFA Shareholder-Borrower Day, including a comparison of LGFA methodology to that of the credit rating agencies”.

Lending directly to CCO’s has been under discussion for some time. These entities are used in a variety of ways across the sector; in some cases providing significant levels of services on behalf of a local body. Allowing direct lending to CCO’s in appropriate circumstances has the potential to reduce lending margins and lower transactional and compliance costs.

Both proposed changes were presented at the 2018 LGFA Shareholders-Borrower Day and have been discussed with the Shareholders’ Council as they were developed.

The Shareholders’ Council supports both changes as they reinforce LGFA’s primary objective, which is to optimise the debt funding terms and conditions for Participating Local Authorities.

However, this support is given on the basis that as the changes to the Foundation Documents are transformed into operational policies and practices, they ensure that no additional risk to either lenders, guarantors or the Crown is created. We have been assured by LGFA’s management team and Board that they will ensure this happens.

However, specific mention of these requirements will be made in the Letter of Expectation for the 2019/20 LGFA Statement of Intent.

We will also seek disclosure through LGFA reporting of any lending to CCO’s and whether the credit assessment for each participating Local Authority is made on a Group or Parent basis.

We urge all Shareholders to either attend the AGM or complete the necessary proxies to allow the Chair (or another nominated party) to cast a vote on your behalf.

If there are any matters arising from this letter that you wish to discuss please call me.
Yours faithfully

Alan Adcock  
Chair – LGFA Shareholders Council
GM Corporate / CFO  
Whangarei District Council  
DID (09) 430 4228
EXPLANATORY NOTE 4 – CHANGES TO FOUNDATION POLICIES

This resolution seeks shareholders' approval for amendments to the Foundation Policies of the Company.

The current Foundation Policies of the Company are set out in schedule 1 to the SHA. Clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Company's Foundation Policies unless it is approved by Ordinary Resolution of the Company’s shareholders (or, if required by law, a Special Resolution).

There are two proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution.

1. Measurement of council compliance with LGFA covenants at the group level:

Currently LGFA tests each council borrower's compliance with either the Foundation Policy or Lending Policy covenants at the parent council level i.e. it excludes any debt, revenue or interest payments made by a subsidiary entity from the calculations. This might not reflect the most accurate representation of a council’s financial position if the council delivers some of its services or activities or holds assets through a subsidiary entity.

It is proposed that a council can apply to the LGFA Board to be tested at the group level rather than at the parent level for compliance with LGFA covenants. It is important to note that:

- The Foundation Policy Covenants (if the council had an external credit rating) or Lending Policy Covenants (if no external credit rating) would still apply to the council regardless of being measured on a parent or group basis.
- The Senior Manager Credit and External Relationships would provide analysis and recommendation to the LGFA Board for consideration as to whether they should approve the request.
- To provide certainty to the council, the testing at the group level would apply for the life of the existing loans from LGFA.
- We expect that this will apply to only a small group of councils and our current expectation is that only Auckland Council would wish to have their covenants calculated at group level.

2. Lending to Council Controlled Organisations ("CCOs")::

Currently LGFA only lends to the parent council and not to any other related entities. This is not ideal as:

- Several councils borrow and on-lend to CCOs e.g. Christchurch City Council, New Plymouth District Council, Rotorua District Council, Marlborough District Council and Auckland Council have previously borrowed and on-lent to Christchurch City Holdings Limited, New Plymouth Airport, Rotorua Regional Airport, Marlborough District Council Holdings and Watercare respectively. The proposed changes will provide the councils with greater flexibility in structuring their borrowing and on-lending activities.
- LGFA cannot currently lend to multiple owned CCOs. While there are currently very few of these entities which have borrowings, they may become established in the future e.g. jointly owned water companies.
- Dunedin City Council ("DCC") borrows via a CCTO subsidiary company, Dunedin City Treasury Limited. This is one reason why DCC has not become a member of LGFA.

To ensure that LGFA does not bear any additional risk than that incurred with lending to a parent council, it is proposed that LGFA could lend to a CCO provided;
Item 9

- The parent council (or group of shareholding councils) of the CCO must each be a guarantor of the loan in favour of LGFA.
- LGFA will only lend to a CCO if:
  - there is unsecured capital from the parent council that is at least equal to the financial obligations of the CCO; or
  - there is a guarantee from the parent council in respect of the CCO.
- LGFA will undertake credit analysis on the CCO as well as the parent council.
- The CCO would be subject to LGFA Board approval before borrowing.
- The LGFA Board would apply bespoke financial covenants to the CCO taken into consideration factors such as the ownership structure, cashflow and balance sheet quality and what activity or services the CCO is delivering on behalf of the parent council shareholder(s).

**Why is LGFA proposing these changes to the Foundation Policies?**

We are proposing these changes because of feedback from member and non-member councils. LGFA has built a successful track record of continuous improvement and evolving to meet council needs e.g. short dated lending and bespoke lending.

Auckland Council delivers a large amount of services through Watercare and Auckland Transport and is analysed on a group basis by the credit rating agencies.

There are some council members who currently borrow and on-lend to their CCO subsidiaries, so this proposal will give them the option to streamline the borrowing process and provide more flexibility in how they structure their borrowing.

**Is there more risk for LGFA guarantors?**

No as regardless of being measured on a group or parent basis the council must remain compliant with the LGFA covenants and we have recourse over rates revenue as security.

No as a CCO who borrows from LGFA will have the benefit of a parent council guarantee or unsecured capital. LGFA would negotiate lending documentation with each CCO and LGFA would undertake credit analysis of the CCO as well as the parent council or councils.

**Why would the LGFA Board grant bespoke covenants to CCOs?**

While councils are very similar to each other, there can be significant differences between CCOs. In addition, CCOs also do not have rates revenue. Therefore, the LGFA Board, following advice from LGFA management and external legal advisors, would need to negotiate bespoke covenants with the CCO. While covenants may vary between CCOs, the underlying recourse remains the unsecured capital or parent guarantee.

**Will the credit rating agencies and investors be concerned?**

We don’t think these key groups will be concerned with measurement on a group basis rather than a parent basis if requested. As outlined previously, all councils must remain compliant with LGFA covenants and the underlying security remains unchanged.

We don’t think they will be concerned with lending to CCOs as the guarantee retains the strength of the LGFA structure e.g. Christchurch City Council has the same credit rating as Christchurch City Holdings Limited ("CCHL") because of the unsecured capital that exists within CCHL. Lending to CCOs will also diversify the LGFA lending book and could bring in new council members to LGFA.

**Will this facilitate the establishment of separate water entities?**

No and in fact we think this would strengthen the case for keeping any possible new water entities in local government ownership as it allows lending to multiple owned CCOs. Any new water entity would also benefit from borrowing at a lower cost of funds than in their own name. The bespoke covenants for a water entity could possibly be set be higher than the current LGFA financial covenants so the multiple owned water entities could borrow more and therefore reduce pressure on parent council balance sheets.
Could a Council Controlled Trading Organisation ("CCTO") borrow from LGFA?
Currently under section 62 of the Local Government Act 2002 a council cannot give any guarantee, indemnity or security in respect of the performance of any obligation by a CCTO. For a CCTO to borrow under this proposed structure, uncalled capital could be used, or the parent council could continue to borrow from LGFA and on-lend to the CCTO.

Will the proposed changes make it easier for councils to borrow more or to avoid a covenant breach?
No as the LGFA Board approves the testing of a council at the group or parent level. The LGFA Board will consider whether a move to testing at the group level will weaken the credit profile of the council before deciding on the change. Regardless of the basis for measurement, the LGFA Board expects all council borrowers to maintain sufficient headroom under the LGFA covenants.
Te take mō te pūrongo

Purpose of the report

1. To receive the recommendations from the Parks, Arts, Community and Events Committee held on 11 June 2020.

Whakarāpopototanga matua

Executive summary

2. At its meeting on 11 June 2020, the Parks, Arts, Community and Environment Committee considered the attached report and resolved as follows:

Resolution number PAC/2020/18

MOVED by Cr J Watson, seconded by Cr W Walker:

That the Parks, Arts, Community and Events Committee:

a) approve the exchange of 369m² (more or less) of land in Sidmouth Reserve within Lot 1 DP 91987 held by Auckland Council with 369m² (more or less) of land at 10 Sidmouth Street (Lot 2 DP 91987) held by Watercare Services Limited as illustrated in Figure 2 of the agenda report

b) recommend that the Finance and Performance Committee approve the disposal of 369m² of land in Sidmouth Reserve within Lot 1 DP 91987 to Watercare Services to complete the land exchange.

3. The original report to the 11 June 2020 meeting is attached (Attachment A) which provides detailed information.

Ngā tūtohunga

Recommendation/s

That the Finance and Performance Committee:

a) note resolution PAC/2020/18 clause b) from the Parks, Arts, Community and Events Committee meeting held on 11 June 2020, recommending that the Finance and Performance Committee approve the disposal of land in Sidmouth Reserve to Watercare Services to complete a land exchange.

b) approve the disposal of 369m² of land in Sidmouth Reserve within Lot 1 DP 91987 (as illustrated in Figure 2 of the Parks, Arts, Community and Events Committee agenda report of 11 June 2020) to Watercare Services to complete the land exchange.
Ngā tāpirihanga
Attachments

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Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sandra Gordon - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Kevin Ramsay - Acting Group Chief Financial Officer</td>
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Te take mō te pūrongo

Purpose of the report

1. To seek approval of the proposed exchange of part of Sidmouth Reserve for part of 10 Sidmouth Street, owned by Watercare Services Limited (Watercare), to enable the upgrade of a critical wastewater asset.

Whakarāpopototanga matua

Executive summary

2. To inform decision-making, staff have assessed the proposed exchange of 369m² of land in Sidmouth Reserve within (Lot 1 DP 91987) with 369m² of land at 10 Sidmouth Street (Lot 2 DP 91987) against council policy and followed the requirements of the Reserves Act 1977.

3. Staff recommend approval of the proposed land exchange. It is a high priority when assessed against the Parks and Open Space Acquisition Policy (2013) because it will improve the amenity values and functionality of the reserve.

4. The land exchange would result in a net benefit for the community that uses the reserve, including:
   - improved sightlines and physical access to the Mairangi Bay Beach Reserve through a widened accessway from Sidmouth Road, thereby improving safety
   - improved amenity with the addition of a picnic table and seating area
   - better connectivity with the open space network in the area
   - enhanced configuration and landscaping of the combined sites to improve use of the open space.

5. Mana whenua did not oppose the land exchange, neither did the five submitters to the application for a resource consent under section 88(1) and (1A) of the Resource Management Act 1991.

6. In reviewing the joint application for the resource consent under the Resource Management Act 1991 and the land exchange under Section 15AA of the Reserves Act 1977, the independent hearing Commissioners have recommended that the land exchange be approved.

7. There is a medium delivery risk to Watercare if council does not approve the land exchange at this time as it will delay the upgrade of a critical asset in the East Coast wastewater network.

8. There is a low risk of a judicial review of Auckland Council decision-making processes if the land exchange proceeds. This can be mitigated by clear communication about the reasons for the land exchange.

9. If approved, the Finance and Performance Committee will consider disposal of 369m² of land in Sidmouth Reserve within Lot 1 DP 91987 to Watercare Services. This committee has the delegations to approve the disposal of assets.

10. The next step is to forward a copy of the resolution to the Minister of Conservation, or their delegate, for authorisation.
Ngā tūtohunga

Recommendation/s

That the Parks, Arts, Community and Events Committee:

a) approve the exchange of 369m² (more or less) of land in Sidmouth Reserve within Lot 1 DP 91987 held by Auckland Council with 369m² (more or less) of land at 10 Sidmouth Street (Lot 2 DP 91987) held by Watercare Services Limited as illustrated in Figure 2 of the agenda report.

b) recommend that the Finance and Performance Committee approve the disposal of 369m² of land in Sidmouth Reserve within Lot 1 DP 91987 to Watercare Services to complete the land exchange.

Horopaki

Context

11. Watercare applied for, and was granted, a resource consent to replace an existing wastewater pump station at 10 Sidmouth Street, Mairangi Bay (BUN 60332215 refers).

12. The pump station is a critical asset in the East Coast wastewater network, but it is no longer fit-for-purpose. A new pump station with greater capacity is required.

13. Watercare also made an application to exchange 369m² of its land at 10 Sidmouth Street (Lot 2 DP 91987) with 369m² of council-owned land at the adjacent Sidmouth Reserve (Lot 1 DP 91987). This land exchange is required in order to construct the new pump station.

14. Sidmouth Reserve is held under the Reserves Act 1977. It is designated an Informal Recreation Zone and is contiguous with Montrose Reserve.

15. The proposed land exchange is being considered under section 15AA of the Reserves Act 1977. The process has five key steps:
   - a resource consent and land exchange are publicly notified under section 95A of the Resource Management Act 1991
   - council has regard to any submissions that are made on the application during the public notification process outlined above and that relate to the land exchange
   - council considers whether the land exchange would result in a net benefit for recreation opportunities for the community that uses, benefits from, or enjoys the reserve
   - council, having completed the above steps, decides whether to authorise the exchange of the recreation reserve land
   - a copy of the resolution supporting the land exchange is forwarded to the Minister of Conservation or their delegate for authorisation.

16. Completion of the land exchange involves both an acquisition of land by Auckland Council and a disposal of land to Watercare by Auckland Council.

17. The Parks, Arts, Community and Events Committee has the delegations to approve the land exchange under the Reserves Act 1977 and the acquisition of the Watercare land.

18. The Finance and Performance Committee has the delegations to approve the disposal of the reserve land to Watercare.
19. The proposed land exchange involves adjusting the boundaries of the council and Watercare blocks of land to accommodate a new wastewater pump station as illustrated below.

Figure 2: Proposed land exchange

20. If the exchange is approved, the new boundaries will result in a 1m² addition to the council reserve land due to modern survey techniques.

The proposed land exchange aligns with management and development plans approved by the Hibiscus and Bays Local Board

21. Local boards are allocated decision-making responsibility for local parks, including reserve management plans, improvements and the use of, and activities within, these parks.

22. The proposed upgrade to the wastewater pump station is referenced in the Mairangi Bay Beach Reserves Management Plan (2015). This plan, which was subject to public consultation in accordance with the Reserves Act 1977, provides the general direction for management and development of Sidmouth Reserve and other neighbouring reserves.

23. The Development Plan - Mairangi Bay Beach Reserves (2018) proposes a number of improvements to Sidmouth, Montrose and other neighbouring reserves (see Figure 3 below).

24. It notes that “…[a] land swap or establishment of an easement will need to be undertaken by Watercare to reflect the movement of the facility to the east and will therefore free up recreation reserve to the west to facilitate the implementation of the proposed reserve land and/or [Mairangi Bay Surf Lifesaving Club] storage facility.”
Figure 3: Development Plan - Mairangi Bay Beach Reserves, Map 5

1. Proposed Montrose Terrace carpark and Link Lane
2. Montrose Terrace and Sidmouth Street cul-de-sac
3. Montrose Terrace (beachfront road removal)
4. Mairangi Bay Reserve amenity enhancement
5. Bridge replacement and stream enhancement
6. Mairangi Bay Surf Life Saving Club clubrooms
7. Mairangi Bay Surf Life Saving Club storage facility
8. Watercare pump station upgrade
9. Seawall restoration

Watercare developed a concept plan to illustrate benefits of the land exchange

25. A concept plan has been developed by Watercare (see Figure 4 below) to illustrate benefits of the land exchange. It has the following key features:
   - a wider accessway and connection to the Mairangi Bay Beach Reserve through a widened accessway from Sidmouth Road
   - a picnic table and seating area
   - better connectivity with the open space network in the area
   - landscaping and planting to reflect the neighbouring reserve.

26. This concept plan was informed by the development plan approved by the Hibiscus and Bays Local Board.

Figure 4: Mairangi Bay Pump Station Revised Landscape Concept Plan (March 2020)
Five submissions were received in response to the consent and land exchange application

27. Watercare’s application for a resource consent was publicly notified between 22 July and 19 August 2019 in accordance with section 95A of the Resource Management Act 1991.

28. Five submissions were received in response. Only one submission referenced the land exchange.

29. The Mairangi Bay Surf Life Saving Club did not object, but it raised concerns about a perceived lack of certainty of the outcomes, and the particular benefits that they would accrue, from the land exchange.

30. A summary of the submissions is presented in Table 1 below.

<table>
<thead>
<tr>
<th>Submitter</th>
<th>Submission</th>
<th>Focus of the submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Madsen, Paua Planning on behalf of Mairangi Bay Surf Life Saving Club</td>
<td>Mairangi Bay Surf Life Saving Club acknowledges the need for the new pump station to improve wastewater management in the area and states that “…there is no opposition to the land exchange…” (paragraph 41). However, it raised the following issues in relation to the land exchange: • lack of certainty of outcomes for the surf club (paragraph 35) • requirement for a larger building footprint than currently proposed (paragraph 37) • lack of net benefit for the surf club (paragraph 40-41).</td>
<td>Resource consent application and the proposed land exchange.</td>
</tr>
<tr>
<td>Mark and Catherine Woodward</td>
<td>Raised concerns about the design of the pump station building.</td>
<td>Resource consent application.</td>
</tr>
<tr>
<td>Susan Andrews on behalf of Heritage New Zealand</td>
<td>Heritage New Zealand neither supports nor opposes the application. It seeks to ensure that the proposed development is carried out in accordance with the Archaeological Management Plan for the pump station.</td>
<td>Resource consent application</td>
</tr>
<tr>
<td>John and Margaret McDonald</td>
<td>Raised concern about the proposed height of the pump station building, height of trees/plants and the ear park.</td>
<td>Resource consent application</td>
</tr>
<tr>
<td>Bruce Grigor</td>
<td>Raised concern that the design for the proposed pump station structure above and below ground may not comply with the Unitary Plan.</td>
<td>Resource consent application</td>
</tr>
</tbody>
</table>

Mana whenua were consulted on the land exchange and did not object

31. Staff engaged with 15 mana whenua groups with connections to the Mairangi Bay area, seeking input on the proposed land exchange. There was no opposition to the land exchange.

32. A detailed schedule of comments is attached to this report as Appendix A.

Tātaritanga me ngā tohutohu

Analysis and advice

33. Staff have assessed the proposed land exchange against council policy, reviewed submissions in response to public notification of the consent application and assessed the benefits of Watercare’s proposal.

The land exchange is a high priority when assessed against council policy

34. Open space acquisition opportunities, including land exchanges, are assessed against the criteria of the council’s Parks and Open Space Acquisition policy (2013). Proposals are prioritised according to the highest ratings achieved.

Proposed land exchange: Sidmouth Reserve
35. A summary of the assessment for the proposed land exchange and reconfigured reserve is provided in Table 2 below.

36. The land exchange is assessed as a high priority because it will improve the amenity values and functionality of the existing reserve.

### Table 2: Assessment of proposed land exchange

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Comment</th>
<th>Overall Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting community needs, now and in the future</td>
<td>Not a priority as: • there is no significant increase in land area.</td>
<td></td>
</tr>
<tr>
<td>Connecting parks and open spaces</td>
<td>Medium priority as: • the proposed land exchange will enable a wider accessway into the park to improve safety and connection to the parking area and northern end of the reserve.</td>
<td>High priority for exchange</td>
</tr>
<tr>
<td>Protecting and restoring Auckland’s unique features and meanings</td>
<td>Not a priority as: • the land has no significant ecological, historic, geological or cultural values.</td>
<td></td>
</tr>
<tr>
<td>Improving the parks and open spaces we already have</td>
<td>High priority as: • the proposed exchange will improve amenity values and functionality of the park by creating space for the hard stand for surf club storage, a picnic table and seating area, improved planting and landscaping.</td>
<td></td>
</tr>
</tbody>
</table>

There are two other factors to consider when assessing the land exchange:

- There are two other factors to consider when assessing the land exchange in accordance with section 15AA of the Reserves Act 1977:
  - any submissions on the reserve exchange that were received during the public notification process of the consent application
  - the net benefit for recreation opportunities for the community that uses, benefits from, or enjoys the reserve.

The needs of the Mairangi Bay Surf Life Saving Club are addressed in the concept plan

38. The Mairangi Bay Surf Life Saving Club was the only submitter on the land exchange.

39. The surf club did not oppose the land exchange, but it raised some areas of concern regarding their storage requirements on the reserve.

40. Staff note that the storage facilities for the surf club are expressly addressed in the concept plan developed by the Hibiscus and Bays Local Board (refer Figure 3).
The community will benefit from development of the reserve

41. In accordance with the Reserves Act 1977, the exchange must provide overall net benefits in recreation opportunities that out-weigh any adverse impact.

42. It does not require the net benefit to be significant, or more than a minor improvement.

43. Staff have assessed the proposed land exchange and note that it will increase the amenity and functionality of the recreation reserve.

44. There are clear benefits for the community from the concept plan provided by Watercare, including:
   - improved sightlines and physical access to the Mairangi Bay Beach Reserve through a widened accessway from Sidmouth Road, thereby improving safety
   - improved amenity with the addition of a picnic table and seating area
   - better connectivity with the open space network in the area
   - enhanced configuration and landscaping of the combined sites to improve use of the open space.

Independent Commissioners recommend the proposed land exchange

45. In reviewing the joint application for the resource consent under the Resource Management Act 1991 and the land exchange under Section 15AA of the Reserves Act 1977, the independent hearing Commissioners have recommended that the land exchange be approved.

46. The Commissioners consider that there is a clear net benefit for recreation purposes and that none of the expert evidence was challenged in any of the submissions received or in evidence from submitters at the hearing.

Staff recommend the proposed land exchange

47. Staff recommend approval of the proposed land exchange.

48. It is a high priority when assessed against the Parks and Open Space Acquisition Policy (2013) because it will improve the amenity values and functionality of the existing reserve.

49. There are net benefits for the community from the improved amenity values.

Tauākī whakaaweawe āhuarangi
Climate impact statement

50. The upgrade of Watercare’s asset will reduce spills of stormwater into the coastal marine environment.

51. The landscape development and planting by Watercare better suits the coastal environment.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

52. The land exchange will enable Watercare to upgrade critical wastewater infrastructure.

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

53. Parks and open spaces provide access to a range of activities and experiences for the community which lead to improved health and wellbeing.

54. The proposed land exchange is aligned with the Mairangi Bay Beach Reserves Management Plan (2015) and the Development Plan - Mairangi Bay Beach Reserves (2018).
55. The formal views of the local board on the land exchange have been obtained. The Hibiscus and Bays Local Board [HB/2020/61 refers]:
   a) supports the exchange of 389m² (more or less) of land in Sidmouth Reserve within Lot 1 DP 91987 held by Auckland Council with 389m² (more or less) of land at 10 Sidmouth Street (Lot 2 DP 91987) held by Watercare Services Limited as illustrated in Figure 2 of the agenda report
   b) supports the disposal of 389m² of land in Sidmouth Reserve within Lot 1 DP 91987 to Watercare Services to complete the land exchange.

56. The local board also noted that it will consult with all stakeholders about future use of the reserve, including the Mairangi Bay Surf Club.

**Tauākī whakaaweawe Māori**

**Māori impact statement**

57. Improved water quality from the wastewater pump upgrade and improved amenity values in the reserve will have positive effects for all local people, including Māori.

58. Mana whenua were consulted on proposed land exchange and there was no opposition to it.

59. Attachment A provides a summary of the responses received from mana whenua. The following section highlights key feedback:
   - Te Rūnanga o Ngāti Whātau noted that they support the proposed land exchange as part of their quest to support public good along with the collective efforts of Ngāti Whātau through managed growth and development.
   - Ngāti Manuhihi noted it does not have any issues with the proposed exchange, provided the normal protocols are followed regarding accidental discoveries and recommended the use of native plants.
   - Ngātiwai Trust Board noted that while Mairangi Bay is outside the iwi’s direct area of interest, it supports the proposed land exchange in principle because the objective is to improve water quality by limiting discharges.

**Ngā ritenga ā-pūtea**

**Financial implications**

60. All costs associated with the wastewater pump upgrade and the landscape development plan illustrated in Figure 4 above will be met by Watercare.

61. The costs of operating and maintaining Sidmouth Reserve will remain the same for Auckland Council.

**Ngā raru tūpono me ngā whakamaurutanga**

**Risks and mitigations**

62. A comprehensive risk assessment has identified two key risks.

63. There is a medium delivery risk to Watercare if council does not approve the land at this time as it will further delay the upgrade of a critical asset in the East Coast wastewater network.

64. There is a low risk of a judicial review of Auckland Council decision-making processes if the land exchange proceeds. This can be mitigated by clear communication about the reasons for the land exchange.
Ngā koringa ā-muri

Next steps

65. If the land exchange is approved, the next step is to forward a copy of the resolution to the Minister of Conservation, or their delegate, for authorisation.

Ngā tāpirihanga

Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Mana whenua feedback</td>
<td>119</td>
</tr>
</tbody>
</table>

Ngā kaihaina

Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Ann-Marie Quinn - Policy Analyst</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Paul Marriott-Lloyd - Senior Policy Manager</td>
</tr>
<tr>
<td></td>
<td>Katarina Maki - GM - Community &amp; Social Policy</td>
</tr>
<tr>
<td></td>
<td>Claudia Wyss - Director Customer and Community Services</td>
</tr>
</tbody>
</table>
Appendix A

<table>
<thead>
<tr>
<th>Iwi Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Iwi</strong></td>
</tr>
<tr>
<td>Te Rūnanga o Ngati Whāua</td>
</tr>
<tr>
<td>Ngai Tai Kī Tamaki Tribal Trust</td>
</tr>
<tr>
<td>Ngati Manuhiri</td>
</tr>
<tr>
<td>Ngātiwhai Trust Board</td>
</tr>
<tr>
<td>Te Akitai Waiohua Iwi Authority</td>
</tr>
<tr>
<td>Ngāti Whaanga Incorporated</td>
</tr>
<tr>
<td>Ngāti Whāhua Orakei Trust</td>
</tr>
</tbody>
</table>
### Ngati Paka Iwi Trust
- Follow up email sent on 20 January 2020.
- Additional follow-up email sent on 10 February 2020.
- No response received.

### Ngati Paka Trust Board
- Follow up email sent on 20 January 2020.
- Additional follow-up email sent on 10 February 2020.
- No response received.

### Ngati Tamatera Settlement Trust
- Follow up email sent on 20 January 2020.
- Additional follow-up email sent on 10 February 2020.
- No response received.

### Te Awa Rangatui o To Iwi o Ngati Te Ata Waikura
- Follow up email sent on 20 January 2020.
- Additional follow-up email sent on 10 February 2020.
- No response received.

### Ngati Maunga Whakahi o Kaipara Trust
- Iwi advised that they do not have any concerns regarding the proposed land exchange.
- No response received.

### Te Kawerau Iwi Settlement Trust
- Follow up email sent on 20 January 2020.
- Additional follow-up email sent on 10 February 2020.
- No response received.

### Te Patukiringi Incorporated
- Follow up email sent on 20 January 2020.
- Additional follow-up email sent on 10 February 2020.
- No response received.
Te take mō te pūrongo

Purpose of the report

1. To note the progress on the forward work programme appended in Attachment A.
2. To receive a summary and provide a public record of memoranda or briefing papers that may have been held or been distributed to Finance and Performance Committee members.

Whakarāpopototanga matua

Executive summary

3. This is a regular information-only report which aims to provide greater visibility of information circulated to committee members via memoranda/briefings or other means, where no decisions are required.
4. The following information has been circulated to members:

<table>
<thead>
<tr>
<th>Date</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/6/2020</td>
<td>Memorandum from Head of Corporate Property regarding 50 Centreway Road, Orewa – Attachment B</td>
</tr>
</tbody>
</table>

5. The following workshops/briefings have taken place:

<table>
<thead>
<tr>
<th>Date</th>
<th>Workshop/Briefing</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/05/2020</td>
<td>Finance and Performance Committee confidential workshop - Annual Budget 2020/2021 (no attachment)</td>
</tr>
<tr>
<td>13/05/2019</td>
<td>Finance and Performance Committee confidential joint hui with the Tūpuna Maunga Authority - feedback on the Tūpuna Maunga Authority Draft Operational Plan 2020/2021 (no attachment)</td>
</tr>
<tr>
<td>13/05/2020</td>
<td>Finance and Performance Committee workshop - Annual Budget 2020/2021 Emergency Budget (Attachment D)</td>
</tr>
<tr>
<td>20/05/2020</td>
<td>Finance and Performance Committee confidential workshop - Annual Budget 2020/2021 Emergency Budget (no attachment)</td>
</tr>
<tr>
<td>20/05/2020</td>
<td>Finance and Performance Committee confidential workshop – Annual Budget 2020/2021 Emergency Budget (including feedback from the first Annual Budget 2020/2021 consultation process) (no attachment)</td>
</tr>
<tr>
<td>27/05/2020</td>
<td>Finance and Performance Committee confidential workshop – Annual Budget 2020/2021 Emergency Budget - draft Consultation Document and Supporting Information (no attachment)</td>
</tr>
</tbody>
</table>
Summary of Finance and Performance Committee information memoranda and briefings, including the Forward Work Programme - 18 June 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>Workshop/Briefing</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/6/2020</td>
<td>Finance and Performance Committee Have Your Say Event – Annual Budget 2020/2021 Emergency Budget – Regional Stakeholder Session (attachment E)</td>
</tr>
</tbody>
</table>

These documents can be found on the Auckland Council website, at the following link: http://infocouncil.aucklandcouncil.govt.nz/

- at the top left of the page, select meeting/Te hui “Finance and Performance Committee” from the drop-down tab and click “View”;
- under ‘Attachments’, select either the HTML or PDF version of the document entitled ‘Extra Attachments’.

6. Note that, unlike an agenda report, staff will not be present to answer questions about the items referred to in this summary. Committee members should direct any questions to the authors.

Ngā tūtohunga
Recommendation/s

That the Finance and Performance Committee:

a) note the progress on the forward work programme.

b) receive the Summary of Finance and Performance Committee information memorandum and briefings as at 18 June 2020.

Ngā tāpirihanga
Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Finance and Performance Committee - Forward Work Programme</td>
<td>85</td>
</tr>
<tr>
<td>B</td>
<td>Memorandum from Head of Corporate Property regarding 50 Centreway Road, Orewa (Under Separate Cover)</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Memorandum from General Manager Financial Strategy and Planning, General Manager Financial and Business Performance, Group Treasurer and Group Financial Controller regarding the Summary of Auckland Council and Auckland Council Group quarter three performance to 31 March 2020 (Under Separate Cover)</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Finance and Performance Committee workshop - Annual Budget 2020/2021 Emergency Budget - 13 May 2020 (Under Separate Cover)</td>
<td></td>
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<tr>
<td>E</td>
<td>Finance and Performance Committee Have Your Say Event – Annual Budget 2020/2021 Emergency Budget – Regional Stakeholder Session (Under Separate Cover)</td>
<td></td>
</tr>
</tbody>
</table>

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sandra Gordon - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Kevin Ramsay - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
# Finance and Performance Committee
**Summary of Finance and Performance Committee information memoranda and briefings, including the Forward Work Programme 2020**

This committee controls expenditure across the Auckland Council Group and deals with the overall financial management and performance of the council parent organisation and Auckland Council Group and makes financial decisions outside of the annual budgeting processes. The full terms of reference can be found here: [Auckland Council Governing Body Terms of Reference](#).

This committee meets bi-monthly commencing in March 2020.

<table>
<thead>
<tr>
<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning and funding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual Budget</strong></td>
<td></td>
<td><strong>Decision</strong> to agree to the Consultation items</td>
<td></td>
</tr>
<tr>
<td><strong>General Manager</strong></td>
<td><strong>Recommend</strong> consultation document to consult with public (Feb); Emergency Budget (May)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Strategy and Planning</strong></td>
<td><strong>Adopt</strong> consultation document to consult with public (Governing Body)</td>
<td></td>
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<tr>
<td></td>
<td><strong>Hear</strong> feedback and deliberate budget scenarios (Apr)</td>
<td></td>
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<tr>
<td></td>
<td><strong>Decisions</strong> made for Emergency Budget (Jul)</td>
<td></td>
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<tr>
<td></td>
<td><strong>Recommend</strong> final Emergency Budget (Jul)</td>
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<tr>
<td></td>
<td><strong>Adopt</strong> final Emergency Budget (Governing Body) (Jul)</td>
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</tr>
</tbody>
</table>

**Progress to date:**
- Mayoral Proposal for the Annual Budget 2020/2021 - [Link to decision](#)
- Annual Budget 2020/2021 – consultation material overview - [Link to decision](#); [Link to Governing Body decision](#)
- Rates and Fees Issues for Annual Budget 2020/2021 - [Link to decision](#); [Link to Governing Body decision](#)
- Adoption of consultation Material: Annual Budget 2020/2021 – [Link to decision](#); [Link to Governing Body decision](#)
- Amendments to the Revenue and Financing Policy – [Link to decision](#); [Link to Governing Body decision](#)
- Annual Budget 2020/2021 communication and engagement approach – [Link to decision](#); [Link to Governing Body decision](#)
- Annual Budget 2020/2021 consultation part 1 - local board feedback – [Link to Emergency Committee decision](#)
<table>
<thead>
<tr>
<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes 2020</th>
</tr>
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<tbody>
<tr>
<td>Item 11</td>
<td>Rates and Fees Issues for the Emergency Budget 2020/2021 - <a href="#">Link to Emergency Committee decision</a></td>
<td>Rates and Fees Issues for the Emergency Budget 2020/2021 - <a href="#">Link to Emergency Committee decision</a></td>
<td>Jan - Dec</td>
</tr>
<tr>
<td></td>
<td>Rates Postponement for properties affected by COVID-19 - <a href="#">Link to Emergency Committee decision</a></td>
<td>Rates Postponement for properties affected by COVID-19 - <a href="#">Link to Emergency Committee decision</a></td>
<td>Jan - Dec</td>
</tr>
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<td>Annual Budget 2020/2021 Emergency Budget public consultation approach - <a href="#">Link to Emergency Committee decision</a></td>
<td>Annual Budget 2020/2021 Emergency Budget public consultation approach - <a href="#">Link to Emergency Committee decision</a></td>
<td>Jan - Dec</td>
</tr>
<tr>
<td></td>
<td>Adoption of Consultation material: Emergency Budget 2020/2021 Annual Budget - <a href="#">Link to Emergency Committee decision</a></td>
<td>Adoption of Consultation material: Emergency Budget 2020/2021 Annual Budget - <a href="#">Link to Emergency Committee decision</a></td>
<td>Jan - Dec</td>
</tr>
<tr>
<td></td>
<td>Recommendations from the Emergency Committee 28 May 2020 on the Adoption of Consultation Material: Emergency Budget 2020/2021 - <a href="#">Link to Governing Body decision</a></td>
<td>Recommendations from the Emergency Committee 28 May 2020 on the Adoption of Consultation Material: Emergency Budget 2020/2021 - <a href="#">Link to Governing Body decision</a></td>
<td>Jan - Dec</td>
</tr>
<tr>
<td>Area of work and Lead Department</td>
<td>Reason for work</td>
<td>Committee role (decision and/or direction)</td>
<td>Expected timeframes 2020</td>
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</tr>
<tr>
<td>Half-yearly and annual reporting</td>
<td>Group Treasurer and Group Financial Controller</td>
<td>Statutory requirement and NZX listing requirement</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Receive and approve half-year and preliminary full year NZX release (delegation to chair and deputy chair) (March)</td>
<td>Mar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Receive annual report (Sept)</td>
<td>No meeting</td>
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<tr>
<td></td>
<td></td>
<td>Recommend adoption of annual report to Governing Body (Sept)</td>
<td>Apr</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Note:</td>
<td>meeting Cancelled</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• NZX announcements are presented to the Audit and Risk Committee</td>
<td>May</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• There is a delegation from the Committee to Chair and Deputy Chair of Finance and Performance to approve the release of the interim and full year Auckland Council group financial results to the NZX for each reporting period through to 30 June 2022.</td>
<td>Jun</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Formal adoption of annual report is by the Governing Body</td>
<td>Jul</td>
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<tr>
<td></td>
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<td>Progress to date:</td>
<td>Sep</td>
</tr>
<tr>
<td></td>
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<td>Delegation for approval for releasing the interim and full year Auckland Council Group results to the NZX – <a href="#">Link to decision</a></td>
<td>No meeting</td>
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<td>Councillor approval of results announcement to the market for the half year ended 31 December 2019 – NZX Half Year Announcement – <a href="#">Link to document</a></td>
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<td>Reason for work</td>
<td>Committee role (decision and/or direction)</td>
<td>Expected timeframes 2020</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>----------------</td>
<td>------------------------------------------</td>
<td>--------------------------</td>
</tr>
</tbody>
</table>
| **Budget Updates** General Manager Financial Strategy and Planning | Financial management | **Decision** to agree recommended budget changes outside of the Annual Budget/Long-term Plan, as required  
Note: This includes significant unbudgeted one-off expenditure. | Mar Apr May | Jun Jul | Sep Oct Nov |
| **Insurance Strategy and Placement** Chief Risk Officer | Financial management | **Approve** the council insurance strategy  
**Approve** the annual insurance placement for Council | | | |
| **Loan guarantees and grant funding** Group Treasurer | Financial management | **Review** information and make decisions on loan guarantees and restructuring (including Parks)  
**Receive** an update on the Eden Park loan guarantee and grant funding (six-monthly)  
**Receive** progress update memos when appropriate | | | |

**Progress to date:**

- **Budget Updates**
  - Collection for data for insurance renewals currently underway and preparations being made for insurance roadshows where deductibles, limits and policy coverage will be assessed against market expectations.

- **Insurance Strategy and Placement**
  - Link to decision

- **Loan guarantees and grant funding**
  - Presentation from the Eden Park Trust Board – [Link to decision](#)  
  - Woodhill Sands Trust - Guarantee (Loan Reset Request) – [Link to decision](#)  
  - Community Loans Under $1 million – [Link to decision](#)
<table>
<thead>
<tr>
<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Contributions policy</td>
<td>Policy review</td>
<td>Review development contribution policy</td>
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<tr>
<td>General Manager Financial Strategy and Planning</td>
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<tr>
<td>Reporting and performance</td>
<td></td>
<td>Progress to date:</td>
<td></td>
</tr>
<tr>
<td>Performance reporting quarterly – parent</td>
<td></td>
<td>Monitor council parent financial and non-financial performance results on a quarterly basis, including Māori outcomes expenditure. Q1 (Nov), Q2 (Mar), Q3 (Jun), Q4 (September)</td>
<td></td>
</tr>
<tr>
<td>General Manager Financial and Business Performance and Manager Corporate and Local Board Performance</td>
<td></td>
<td>Note: Reporting in September must be considered as a confidential report until results are sent to NZX at the end of September.</td>
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<td>Progress to date:</td>
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<td></td>
<td></td>
<td>Auckland Council Group and Auckland Council 2019/2020 quarter one performance report to 30 September 2019 – Link to decision – Link to decision</td>
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<tr>
<td></td>
<td></td>
<td>Auckland Council Group and Auckland Council quarter two performance report to 31 December 2019 – Link to decision</td>
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<td></td>
<td></td>
<td>Auckland Council Group and Auckland Council quarter three performance report to 31 March 2020 – refer to information memorandum contained on the agenda for 18 June 2020</td>
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<tr>
<td><strong>Performance reporting quarterly – group</strong></td>
<td>Financial management</td>
<td><strong>Monitor</strong> Auckland Council group financial requirements on a quarterly basis. Q1 (Nov), Q2 (Mar), Q3 (Jun), Q4 (Sept)</td>
<td>Mar, Apr, May meeting cancelled, Jun, Jul, Sep, Nov, No meeting</td>
</tr>
<tr>
<td>General Manager Financial and Business Performance and Manager Corporate and Local Board Performance</td>
<td></td>
<td><strong>Progress to date:</strong> Auckland Council Group and Auckland Council 2019/2020 quarter one performance report to 30 September 2019 – Link to decision – <a href="#">Link to decision</a> Auckland Council Group and Auckland Council quarter two performance report to 31 December 2019 – Link to decision <a href="#">Link to decision</a> Auckland Council Group and Auckland Council quarter three performance report to 31 March 2020 – refer to information memorandum contained on the agenda for 18 June 2020</td>
<td>As required</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td></td>
<td><strong>As required</strong></td>
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<tr>
<td><strong>Disposals</strong> Auckland Council and Panuku Development Auckland</td>
<td>Panuku, working with all areas of council, is required through its Statement of Intent to identify and recommend to council properties that are surplus to requirements and can be considered for disposal. These include general disposals to fund Long-term Plan projects. Properties are recommended for acquisitions and disposal to the committee for approval in accordance with the Long-term Plan.</td>
<td><strong>Agree</strong> to proceed with recommended disposals or acquisition, as required.</td>
<td></td>
</tr>
</tbody>
</table>

*Summary of Finance and Performance Committee information memoranda and briefings, including the Forward Work Programme - 18 June 2020*
<table>
<thead>
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</table>
| **Funding and Levies** (including Auckland Regional Amenities Funding Board, Museum of Transport and Technology and Auckland War Memorial Museum) Manager CCO/ External Partnerships team | Statutory process | Approve annual funding levies for Auckland Regional Amenities Funding Board (Apr); Museum of Transport and Technology (Apr); and Auckland War Memorial Museum (Jun)  
Approve Auckland Regional Amenities Funding Board (Apr)  
Receive presentations from amenities via memorandum (Jun)  
**Progress to date:**  
Auckland Regional Amenites Funding Board: Delegate approval of Auckland Council’s submission for the 2020/2021 Funding Levy – [Link to decision](#)  
Approval of the Auckland Regional Amenities Funding Levy 2020-2021 – Item had been deferred from the Finance and Performance Committee meeting held on 19 March 2020 to the meeting scheduled to be held on 29 April 2020. Due to COVID-19, the item was considered at the Emergency Committee meeting held on 23 April 2020– [Link to decision](#)  
MOTAT Annual Plan 2020-2021 – Item had been deferred from the Finance and Performance Committee meeting held on 19 March 2020 to the meeting scheduled to be held on 29 April 2020. Due to COVID-19, the item was considered at the Emergency Committee held on 30 April 2020 – [Link to decision](#)  
Auckland War Memorial Museum 2020/2021 levy – Item had been deferred from the Finance and Performance Committee meeting held on 19 March 2020 to the meeting scheduled to be held on 18 June 2020 | |
### Item 11

**Review of committee forward work programme**

**Governance**

**Reason for work**: Regular reporting

**Committee role**

- **Approve** forward work programme (Mar)
- **Receive** updates (bi-monthly)
- **Review** content of the forward work programme (six-monthly, commencing Sept)

**Progress to date:**

Finance and Performance Committee Forward Work Programme – [Link to decision](#)

**Expected timeframes**

<table>
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<tr>
<td>Review of committee forward work programme</td>
<td>Governance</td>
<td>Approve forward work programme (Mar)</td>
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<td></td>
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<td>Receive updates (bi-monthly)</td>
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<td>Review content of the forward work programme (six-monthly, commencing Sept)</td>
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<tr>
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<td>Progress to date:** Finance and Performance Committee Forward Work Programme</td>
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<td><a href="#">Link to decision</a></td>
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</table>

Updated: 12 June 2020
Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Finance and Performance Committee

a) exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1  Council Group Insurance Renewal 2020

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. In particular, the report contains details of the proposed insurance strategy, policies and programme for which terms and costings are being sort from and negotiated with the insurance market</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
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</table>