

I hereby give notice that an ordinary meeting of the Governing Body will be held on:

Date: Wednesday, 21 February 2018
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Tira Kāwana / Governing Body

OPEN AGENDA

MEMBERSHIP

Mayor

**Deputy Mayor
Councillors**

Hon Phil Goff, CNZM, JP

Bill Cashmore

Cr Dr Cathy Casey

Cr Ross Clow

Cr Fa'anana Efeso Collins

Cr Linda Cooper, JP

Cr Chris Darby

Cr Alf Filipaina

Cr Hon Christine Fletcher, QSO

Cr Richard Hills

Cr Penny Hulse

Cr Mike Lee

Cr Daniel Newman, JP

Cr Dick Quax

Cr Greg Sayers

Cr Desley Simpson, JP

Cr Sharon Stewart, QSM

Cr Sir John Walker, KNZM, CBE

Cr Wayne Walker

Cr John Watson

(Quorum 11 members)

Sarndra O'Toole

Team Leader Governance Advisors

16 February 2018

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Terms of Reference

Those powers which cannot legally be delegated:

- (a) the power to make a rate
- (b) the power to make a bylaw
- (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long term plan
- (d) the power to adopt a long term plan, annual plan, or annual report
- (e) the power to appoint a chief executive
- (f) the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement
- (g) the power to adopt a remuneration and employment policy.

Additional responsibilities retained by the Governing Body:

- (a) approval of long-term plan or annual plan consultation documents, supporting information and consultation process prior to consultation
- (b) approval of a draft bylaw prior to consultation
- (c) resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of electoral officer
- (d) adoption of, and amendment to, the Committee Terms of Reference, Standing Orders and Code of Conduct
- (e) relationships with the Independent Māori Statutory Board, including the funding agreement and appointments to committees
- (f) approval of the Unitary Plan
- (g) overview of the implementation and refresh of the Auckland Plan through setting direction on key strategic projects (e.g. the City Rail Link and the alternative funding mechanisms for transport) and receiving regular reporting on the overall achievement of Auckland Plan priorities and performance measures.

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 Affirmation

There will be no affirmation.

2 Apologies

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

3 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.

4 Confirmation of Minutes

There will be no confirmation of minutes.

5 Petitions

There will be no petitions section.

6 Public Input

There will be no public input section.

7 Local Board Input

There will be no local board input section.

8 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.”

9 Notices of Motion

There were no notices of motion.

Amendments to the Revenue and Financing Policy

File No.: CP2018/01363

Item 10

Te take mō te pūrongo / Purpose of the report

1. To recommend consultation on changes to the Revenue and Financing Policy so that the changes can be included in the Long-term Plan 2018-2028 (LTP).

Whakarāpopototanga matua / Executive summary

2. The purpose of the Revenue and Financing Policy is to provide predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council. The council must identify all its sources of funding in the Revenue and Financing Policy and is required to consult on changes to it.
3. The Long-term Plan 2018-2028 (LTP) consultation will include a number of potential changes to council's funding mechanisms and to its activity structure. These changes will also need to be reflected in the Revenue and Financing Policy.
4. Changes to the Revenue and Financing Policy must be consulted on separately and adopted before being included in the LTP. Consideration of feedback from consultation and adoption of the Revenue and Financing Policy will proceed along the same decision-making timeframe as the LTP.

Ngā tūtohunga / Recommendation/s

That the Governing Body:

- a) agree that public consultation be undertaken to amend the Revenue and Financing Policy to enable the proposals consulted on in the Long-term Plan 2018-2028 to be implemented
- b) delegate authority and responsibility for agreeing any required minor editorial changes and the correction of errors in the consultation materials to the Chair of the Finance and Performance Committee, and the Group Chief Financial Officer.

Horopaki / Context

5. The Long-term Plan 2018-2028 (LTP) consultation will include a number of potential changes to council's funding mechanisms and to its activity structure. These changes will also need to be reflected in the Revenue and Financing Policy.
6. Council is legally required to consult and adopt changes to the Revenue and Financing Policy separately before the LTP is adopted. The Revenue and Financing Policy is then included in the LTP. Consultation on the Revenue and Financing Policy will be undertaken alongside the LTP.

Tātaritanga me ngā tohutohu / Analysis and advice

7. The proposal, options analysis and proposed amendments to the Revenue and Financing Policy will be made available separately from the LTP on council's website. This will also link through to the proposals and options analysis included in the supporting information included for the LTP. A draft Revenue and Financing Policy with the proposed amendments will also be included in the supporting information of the LTP.
8. Specific amendments to the Revenue and Financing Policy include:
 - addition of the regional fuel tax as a potential funding source for transport operating and capital expenditure
 - potential retention of the Interim Transport Levy as an interim funding mechanism for the accelerated capital programme for transport in the event that the introduction of the regional fuel tax is significantly delayed
 - rearrangement of funding sources for operating and capital expenditure for each activity to reflect the changes in the activity structure (how the services and activities council undertakes are grouped together)
 - potential addition of general rates differential categories for medium-occupancy online accommodation providers
 - potential addition of the Water Quality targeted rate to fund additional investment in improving water quality
 - potential addition of the Natural Environment targeted rate to fund additional investment in improving environmental outcomes
 - potential addition of food waste collection as a service funded from solid waste targeted rates.

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

9. Local board representatives have participated in the workshops leading up to the Mayoral Proposal and expressed their views throughout the process to develop and agree the LTP consultation options, including a specific opportunity to feedback on regional issues. Local boards will have further opportunities to express their views on the impacts of regional decisions on their local community before final decisions are made in May 2018.

Tauākī whakaaweawe Māori / Māori impact statement

10. Most of the proposed changes to the Revenue and Financing Policy do not impact the Māori community significantly differently to the community at large. However, the changes to the waste management targeted rates are likely to have more impact on Māori communities because of the geographic location of those changes. Introduction of the food waste collection targeted rate in Papakura (initially) and user pays for refuse collection in the former Manukau City area in particular will impact on the Māori community. Both of these geographic areas have a higher proportion of Māori than the average across Auckland.

Ngā ritenga ā-pūtea / Financial implications

11. There are no financial implications associated with the recommendations in this report.



Ngā raru tūpono / Risks

12. If the council does not consult on the changes to the Revenue and Financing Policy then it will be unable to implement the changes proposed in the LTP consultation.

Ngā koringa ā-muri / Next steps

13. The proposed amendments to the Revenue and Financing Policy will be consulted on alongside the LTP. Feedback will be able to be provided online via council's website. Any feedback received on the Revenue and Financing Policy as part of LTP consultation will also be captured. Consideration of feedback from consultation and adoption of the Revenue and Financing Policy will proceed along the same decision-making timeframe as the LTP.

Ngā tāpirihanga / Attachments

No.	Title	Page
A 	Proposal to amend the Revenue and Financing Policy	13
B 	Draft Revenue and Financing Policy	15

Ngā kaihaina / Signatories

Authors	Aaron Matich - Principal Advisor – Financial Policy Andrew Duncan - Manager Financial Policy
Authorisers	Ross Tucker - Acting General Manager, Financial Strategy and Planning Matthew Walker - Acting Group Chief Financial Officer Stephen Town - Chief Executive

Proposal to amend the Revenue and Financing Policy

About the Revenue and Financing Policy

1. The Revenue and Financing policy provides predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council.

What we need your feedback on

2. Auckland Council proposes the following amendments to its Revenue and Financing policy:

- Alignment of funding mechanisms with the new activity structure
- Making provision for a potential Regional Fuel Tax as a funding source to fund transport capital and operating expenditure
- Making provision for changes to the way business general rates and the accommodation provider targeted rate are charged to online accommodation providers
- Addition of the kerbside food waste collection to be funded from the solid waste targeted rate
- Making provision for new targeted rates to fund additional investment in:
 - an accelerated capital programme for transport
 - improving environmental outcomes
 - improving water quality.

For more information about the options relating to the proposed amendments, please see pages [\[links to relevant pages of the supporting information containing discussion of options relating to the above-listed amendments\]](#) of the Supporting Information for the 10-year Budget 2018-2028.

If the changes to the Revenue and Financing Policy not made then the council will be unable to implement the changes proposed in the LTP consultation.

When you can have your say

3. Submit your feedback on the proposed Revenue and Financing policy from 28 February to 28 March 2018.

4. Alternatively, you can have your say on the proposed Revenue and Financing policy by attending one of the Have Your Say events. Have Your Say Events constitute any opportunity where Aucklanders have the chance to have a spoken interaction with decision makers or their official delegations.

What happens next

5. Your feedback will be analysed and reported to the Governing Body for its consideration before it adopts any amendments to the policy in May for inclusion in the final 10-year Budget.

4.1 Draft Revenue and Financing Policy

Policy purpose and overview

The purpose of the Revenue and Financing Policy is to provide predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council.

Policy background

Funding principles

To assist with the identification of the appropriate funding methods, the council has used a set of guiding principles that incorporate the matters set out in Section 101 of the Local Government Act 2002. These are summarised in table 3.1.1 below.

Table 3.1.1

Principle	Rationale for its application
Paying for benefits received or costs imposed	The council will apply this principle to select appropriate funding methods when considering benefit distribution and cost causation and the period in or over which benefits and costs are expected to occur. The allocation of costs to those who benefit from a council service or those who impose costs to the council (whether the community as a whole, any identifiable part of community, or individuals) is considered economically efficient and equitable and the extent to which the actions or inaction of individuals or a group contribute to the need to do the activity Section 101(3)(a)(ii), Section 101(3)(a)(iv), Section 101(3)(a)(iii)
Transparency, accountability and costs and benefits of funding activities separately	This principle is applied when considering the costs and benefits of separate funding. Transparency of funding enables the users of services to assess whether they get value for money. Accountability makes the council more efficient in providing these services. From the perspective of the service users, transparency and accountability also enables them to make more informed decisions in using council services Section 101(3)(a)(v)
Market neutrality	This principle is relevant when the council is competing with the private sector in producing or delivering services. The council can be placed in an advantageous position vis a vis the private sector because of its ability to fund such services from rates, either fully or partially. This can lead to market distortions and economic inefficiencies. It can also discourage private enterprise. To avoid this, in tandem with other principles such as affordability, the council will apply commercial best practice when providing such services Section 101(3)(b)
Financial prudence and sustainability	This principle is relevant in determining appropriate funding mixes. It is recognised that additional revenue may be required to support debt repayment and manage treasury ratios Section 101(2)
Optimal capital usage	This principle relates to the effectiveness of funding tools in achieving efficiencies. The council's limited financial resources should be used in such a way to maximise the benefits provided to the community, while minimising the burden on ratepayers. Among other things, this principle influences the council's decisions on the best mix of funding (between rates income, other revenue sources, borrowings and asset sales) to pay for its assets and activities

Section 4: Our policies and other information
4.1 Draft Revenue and Financing Policy

Principle	Rationale for its application
	Section 101(3)(b)
Strategic alignment	<p>The Auckland Plan sets out a vision for the city over the next 30 years. The Revenue and Financing Policy should have regard to its impact on the broader strategies and priorities as set out in the council's vision and the Auckland Plan</p> <p>The infrastructure strategy outlines how the council intends to manage its infrastructure assets. The Revenue and Financing Policy will show how investment in infrastructure is funded</p> <p>Section 101(3)(b)</p>
Overall social, economic, environmental and cultural impacts	<p>Decisions on how the council's revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the current and future social, economic, environmental and cultural well-being of the community and the community outcomes to which the activity relates</p> <p>Section 101(3)(b)</p>
Community outcomes in the Auckland Plan	<p>Decisions on how the councils revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the community outcomes in the Auckland Plan</p> <p>Section 101(3)(a)(i)</p>
Affordability	<p>The council needs to consider the impact of funding methods on people's ability to pay as this can have implications for community well-being</p> <p>Section 101(3)(b)</p>
Minimise the effects of change	<p>The integration and harmonisation of the policies of the former councils may lead to major changes in the incidence or rates and user charges for services. Funding and financial policies should seek to minimise or manage the impact of these changes</p> <p>Section 101(3)(b)</p>
Efficiency and effectiveness	<p>The councils financial policies should have regard to the costs of carrying them out, and how effective they will be in achieving their objectives</p> <p>Section 101(3)(a)(v)</p>
Practicality of policy	<p>The councils funding policies must be achievable and unconstrained by practical issues that will prevent compliance</p> <p>Section 101(3)(a)(v)</p>
Legal compliance	<p>The LGA 2002 and related legislation include a number of legal requirements for the development of the Revenue and Financing Policy. All aspects of the policy will comply with legislation</p>

There are some inherent conflicts between these guiding principles. In practice, establishing the council's specific revenue and financing policies involves balancing competing guiding principles. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability. In practice, when the council applies these principles to assess how to fund the separate activities, the council then considers the overall impact of any allocation of liability on the community.

Policy details

Expenditure to be funded

Legislation requires the council to make adequate provision in its long-term plan to meet expenditure needs identified. Generally, this will mean that all expenditure is funded. Exceptions include funding of depreciation expenditure where it is financially prudent not to do so. In determining the level of non-funded depreciation, the council will have regard to:

- whether at the end of its useful life, the replacement of an asset will be funded by way of a grant or subsidy from a third party
- whether the council has elected not to replace an asset at the end of its useful life
- whether a third party has a contractual obligation to maintain the service potential of an asset throughout all or part of its useful life or to replace the asset at the end of its useful life
- whether fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers, presenting conflict between funding principles, for example between affordability and financial prudence and sustainability. In such circumstances, the council will remain prudent and ensure it promotes both the current and future interests of the community by forecasting to reach a position over time where it fully funds depreciation (apart from the exceptions above).

Table 3.1.2 below sets out the minimum level of depreciation funding the council will incorporate when calculating its rates requirement.

Table 3.1.2 Proportion of depreciation expenditure to be funded

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Funded	78%	82%	85%	89%	93%	96%	100%	100%	100%	100%
Not funded	22%	18%	15%	11%	7%	4%	0%	0%	0%	0%

As a result of this policy of moving towards funding 100 per cent of depreciation by 2025 the council has resolved that for three of the next 10 years, the councils operating revenue (adjusted for items such as vested assets and development contributions) will be less than the councils total operating expenditure (including depreciation). This implies that in the early years of the plan, the council is more reliant on borrowings, rather than rates and other current revenue, to fund its capital expenditure. However, the council considers that the level of council debt is manageable and prudent in every year of the plan. In particular, the projected level of council debt will not result in the council's interest expense exceeding our prudential target of 12 per cent of revenue. Further information about our prudent approach to managing debt is included in our Financial Strategy in section 1.3.

The council considers that this policy on funding depreciation and the consequential impacts on councils operating budgets and debt levels is financially prudent, reasonable and appropriate having had regard to our funding principles, the factors in section 100(2) of the Local Government Act 2002 and all other relevant matters.

Sources of funding

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the LGA 2002.

Sources of funding: Operating expenditure

The council has determined the funding sources for operating expenditure after considering the funding principles set in Table 3.1.1.

Table 3.1.3 Funding sources for operating expenditure

Funding source	Rationale
Fees and charges	Fees and charges can be applied where the users of a service can be identified and charged according to their use of the service (and those that do not pay are denied access to the service). This is based on the paying for benefits received principle. Fees are also appropriate where an individual's action or inaction creates the need for an activity (cost causation). For example, the cost of obtaining a building consent is met by the building owner
Grants and subsidies	Grants and subsidies are generally only appropriate for funding the operating costs of the particular activity that the grant or subsidy is intended to pay for. For example, NZTA (government) transport subsidies can only be used to fund transport projects.
Development or financial contributions	Development contributions or financial contributions can only be used to fund capital expenditures related to growth. Development contributions also include financing costs incurred due to timing differences between growth-related capital expenditure being incurred and the related development contribution being received
Targeted rates	Appropriate to fund operating expenditure (including projects to support growth) where one or more of the following apply: <ul style="list-style-type: none"> that benefit a specific group of ratepayers to incentivise land owners to develop land in response to a commitment to the provision of infrastructure to provide certainty of the council recovering its costs where greater transparency in funding the cost of the activity is desirable where an individual or a group of ratepayers voluntarily chooses to adopt the rate, such as for business improvement districts or the Retrofit Your Home scheme where the rate is for a specific service, or bundle of services, such as for waste collection.
General rates	General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the service and charge them for the benefits received or costs imposed (e.g. regional parks and open spaces). It is also appropriate for general rates to partially fund activities where the provision of a private good also generates wider social benefits or where the application of fees and charges either causes affordability issues or compromises the wider objectives of the activity. This is consistent with the guiding principle of affordability
CCO profits, and net rental and interest from investments	CCO profits and net returns from investments will be used to offset the general rates funding requirement of other council activities, reducing the burden on all ratepayers
Borrowing	Borrowing will not generally be used to fund operating expenses. The council may choose to borrow for an operating expense where it is providing a grant to an external community organisation that is building an asset such as a community facility or in other cases where operating expenditure provides enduring economic benefits. Borrowing may also be used to fund the interest expense accrued on borrowing during the period of construction of an asset; and to fund the cost of discovered liabilities such as the council's share of weathertightness claims. In these cases borrowing and repaying the debt over time promotes intergenerational equity by spreading the responsibility for funding across the generations who will benefit
Trusts, bequests and other reserve funds	Certain operating expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met
Other funding sources	The use of any other funding sources should be assessed with regard to the guiding principles. Any miscellaneous revenue not linked to a specific activity should be used to fund activities that would otherwise be funded through the general rate

Funding source	Rationale
Surpluses from previous financial years	A surplus may be available to be carried forward if the actual surplus/(deficit) is improved compared to the forecast surplus/(deficit). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward. The amount of any surplus carried forward will be accounted for as an operating deficit in the year the benefit is passed to ratepayers

Note: Auckland Council does not intend to use lump sum contributions or proceeds from asset sales to fund operating expenditure.

Proposed amendment to the policy to add the row below to table 3.1.3:

Regional Fuel Tax	If enabled by central government the Regional Fuel Tax may be used to fund the operating expenditure associated with transport activities, such as roads, footpaths, public transport and travel demand management.
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The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating expenditure of individual activities.

Sources of funding: Capital expenditure

The council has determined the funding sources for capital expenditure after considering the funding principles set out in Table 3.1.1.

Table 3.1.4 Funding sources for capital expenditure

Funding source	Rationale
General rate	Appropriate funding source where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the capital expenditure
Targeted rates	Appropriate to fund capital expenditure projects (including projects to support growth) where one or more of the following apply: <ul style="list-style-type: none"> that benefit a specific group of ratepayers to incentivise land owners to develop land in response to a commitment to the provision of infrastructure to provide certainty of the council recovering its costs where greater transparency in funding the cost of the activity is desirable
Fees and charges	Appropriate funding source where users of a service can be identified and charged according to their service. Examples include water charges and Infrastructure Growth Charges from Watercare Services Limited
Interest and dividends from investments	Interest and dividends from investments may be used where appropriate and consistent with the council's funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding.
Borrowing	Borrowing is used to spread the funding requirement for capital expenditure across multiple years. Given assets deliver benefits throughout their useful lives it is appropriate that the funding is spread across the useful life
Proceeds from asset sales	Funds received from the sale of surplus assets will generally be used to repay borrowings. On a case-by-case basis these surpluses may be used to fund investment in another asset of higher strategic priority than the asset sold
Development or financial contributions	Appropriate to fund capital expenditure in anticipation of or in response to development (growth) that will generate a demand for additional reserves, network or community infrastructure (such as stormwater systems). Contributions are set through the council's Contributions Policy
Grants, subsidies, and donations	Appropriate to fund specific capital expenditure projects as per terms of the grant, subsidy or donation. An example of this is NZTA subsidies to partially fund transport projects

Funding source	Rationale
Trusts, bequests and other reserve funds	Certain capital expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met
Other sources	Other revenue sources may be used where appropriate and consistent with the council's funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding. An example of this is the use of commercial returns from property holdings to fund capital spend on those property assets

Note: Auckland Council does not intend to use lump sum contributions to fund capital expenditure.

Proposed amendment to the policy to add the row below to table 3.1.4:

Regional Fuel Tax	If enabled by central government the Regional Fuel Tax may be used to fund the capital expenditure associated with transport activities, such as roads, footpaths, public transport and travel demand management.
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The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating and capital expenditure of individual activities.

Rating Policy

The council will use general rates to fund activities which have a 'public good' element, e.g. civil defence, or where it wishes to subsidise the provision of services because of the wider social benefits they provide e.g. libraries.

Valuation basis

The general rate will be set on the basis of capital value. Capital value better reflects the level of benefit a property is likely to receive from services rather than land value or annual value.

Application of a uniform annual general charge

To ensure that the rates incidence isn't disproportionately borne by higher value properties the council sets a uniform annual general charge (UAGC). Every ratepayer will therefore make a minimum contribution to meeting the council's costs.

The charge will apply to every separately used or inhabited part of a rating unit e.g. shop in a mall or granny flat. This ensures equal treatment between these properties and main street shops or apartments on individual titles.

Rates differentials

It is the council's view that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates. The differentials will be determined based on land use (including consideration of land use classifications determined under the Rating Valuation Rules) and location.

The council will apply general rates differentially (the base level for rating is the residential sector) and may also apply targeted rates differentially to:

- business properties in the urban area
- business properties in rural areas
- residential properties in the rural areas
- farm/lifestyle properties
- properties with no direct or indirect road access and properties on uninhabited islands.

Proposed amendment to the policy to add the bullet points below to the list above:

- medium-occupancy online accommodation providers in the rural areas
- medium-occupancy online accommodation providers in the urban area

The council has decided that the appropriate differential for business is to raise 25.8 per cent of the general rates take, which is substantially lower than the current level. Business rates will move to that level in equal steps by 2037/2038 to manage the affordability impact of the shift in the rates incidence to the non-business sector.

Targeted rates

The council mainly uses targeted rates where there is a clearly identifiable group benefiting from a specific council activity. Targeted rates will apply to properties that receive certain services, or which are located in specified areas. Targeted rates may be used where the council wishes to incentivise development in areas where infrastructure investments have been made and/or to provide more certainty over the timing of payment for those investments. Targeted rates may also apply universally to fund a specific activity where a greater degree of transparency is desired. The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate.

The council intends to set targeted rates to fund activities as set out in Table 3.1.5 below.

Table 3.1.5: Services to be funded by targeted rates

Targeted rate	Services to be funded
Solid waste targeted rates	Refuse, inorganic, resource recovery centres and recycling services as appropriate for former council areas [Proposed amendment to the policy to add food waste collection to the list of services funded by solid waste targeted rates]
City centre targeted rate	Investment in projects to enhance the central city environs
Local targeted rates as proposed by local boards	Local activities in the local board's area
Business improvement district targeted rates	Investments to enhance the environs in the area of the business association as agreed with the business association
Loan repayment targeted rates	To repay financial assistance provided by the council to ratepayers for specific purposes
Waitakere rural sewerage targeted rate	To pay for the provision of inspection and pump out services for on-site waste management systems
Infrastructure targeted rates	Activities requiring infrastructure investment
Accommodation provider targeted rate	ATEEDs visitor attraction and major events expenditure

Proposed amendment to the policy to add the text below to table 3.1.5:

Interim Transport Levy	Accelerated capital programme for transport
Water Quality targeted rate	Additional investment in improving water quality
Natural Environment targeted rate	Additional investment in improving environmental outcomes

Annual adjustments to regulatory fees and charges

The council will amend its regulatory fees and charges annually to:

- reflect increases in costs as measured by the council rate of inflation and/or

- maintain the cost recovery levels underlying the basis for setting the fee levels.

The change to fee levels will be made on a practical basis recognising that the percentage change applied to individual fees may not precisely equal the council rate of inflation. This also means smaller fees may increase by more material amounts in one year and remain constant for a period before being adjusted again.

Application of funding principles to the funding of operating and capital expenditure for each activity

The council has determined the sources of funding for capital and operating expenditure for each of its activities after considering the principles set out in Table 3.1.1 and the rationale for the use of funding sources in Tables 3.1.3 and 3.1.4 above. A brief summary of the decisions and consideration of funding principles for each activity is set out in table 3.1.6 below.

Table 3.1.6 Funding sources for operating and capital expenditure for each activity

Groups of Activities: Council controlled services

Activities	Consideration of funding principles	Funding policy
Development Auckland	This involves both commercial operations that deliver private benefits and public initiatives that benefit the community as a whole Lessees, tenants and purchasers derive the full benefit	Costs of commercial operations are funded from user charges and other non-rates revenue Costs of public initiatives are primarily funded from the general rate Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Economic growth and visitor economy	The related industries benefit from increased visitor numbers The community as a whole benefit from growth in the economy and employment	Visitor attraction and major events expenditure is funded by a mix of general and targeted rates Economic development costs are primarily funded from the general rate Subsidies from government and other sources are utilised where available User charges are applied where benefits are private (event tickets) Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Regional facilities	Users of the facilities derive a direct benefit The community as a whole benefit through a more diverse and vibrant lifestyle and an increased sense of pride and identity created by the events hosted in the facilities An enhancement to the overall economy and employment resulting from increased visitor numbers	The majority of the costs are funded from the general rate with the balance funded from user charges such as venue hire Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Investment	All ratepayers as a whole bear the risk of the investments	Any profit realised is used to reduce the general rate requirement Any loss would be funded from the general rate or

Activities	Consideration of funding principles	Funding policy
		other revenue Borrowings are used to address cash-flow timing differences
3rd party amenities and grants	Regional amenities such as MOTAT and Auckland War Memorial Museum benefit the community as a whole Council is required under legislation to provide funding for amenities included in this activity	Costs to the council are primarily funded from the general rate Borrowings may be used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences

Groups of Activities: Local services

Activities	Consideration of funding principles	Funding policy
Local planning and development	Business improvement districts (BIDs) directly benefit from council expenditure on local economic development made at their direction The rest of the council's service in local planning and development benefits the community as a whole	Grants provided to each BID for spending in the BID area are funded from the respective BID targeted rate Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available The balance of the costs are funded from the general rate Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Local environmental management	These are public goods that benefit the community as a whole	Costs are fully funded from the general rate Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Local governance	These are public goods that benefit the community as a whole	Costs are primarily funded from the general rate Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Local community services	Service users derive a direct benefit The wider public benefit from a more vibrant and friendly community, a safer community environment and access to high quality open space In most cases it is impractical to directly charge users In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions) The target recipients of the services may have affordability issues	Costs are primarily funded from the general rate User charges may apply where the service is private and a charge can be implemented without compromising the council's social objectives Subsidies from government and other sources, (including from any targeted rate, grants, donations and sponsorships) are utilised where available Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences

Groups of Activities: Regional council services

Activities	Consideration of funding principles	Funding policy
Regional planning	The community as a whole benefit from this activity The city centre redevelopment programme directly benefits businesses in the city centre area through enhancing the quality of the environment in the city centre for workers and visitors	Costs are primarily funded from the general rate Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Regulatory services	The need for the council involvement is mainly caused by licence or consent applicants or holders whose activities, if unregulated, could cause nuisance to the public or pose a threat to the safety or health of the community In some cases it is difficult to identify and charge the parties who cause the costs (e.g. owners of unregistered dogs) In some cases charging the full cost may discourage compliance Certain related services (e.g. provision of property information) deliver private benefit to users	Costs are primarily funded from user charges Certain charges are set at a level below cost to encourage compliance, with the balance funded from general rates Where costs cannot be easily attributed to individual parties, they are funded from the general rate Targeted rates are used where there is a clearly identifiable group benefiting from a specific council activity (e.g. on-site sewerage pump out) Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Organisational support	Certain services within this activity (e.g. provision of financial assistance to certain ratepayers and supply of information for commercial or private use) deliver private benefits The remainder of the activity contributes to the council's provision of other external services	Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers There is a small amount of revenue from fees and charges The remainder of the costs are allocated to the council's external services Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Regional governance	These are public goods that benefit the community as a whole	Costs are primarily funded from the general rate (see note below) Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Regional community services	Service users derive a direct benefit The wider public benefit from a more vibrant and friendly community, a safer community environment and access to high quality open space In most cases it is impractical to directly charge users In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions) The target recipients of the services may have affordability issues	Costs are primarily funded from the general rate User charges may apply where the service is private and a charge can be implemented Subsidies from government and other sources (including from any targeted rate, grants, donations and sponsorships) are utilised where available Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers Development contributions are used to fund the

Activities	Consideration of funding principles	Funding policy
		majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences
Environmental services	The provision of environmental services is primarily a public good that benefits the community as a whole	Costs are funded predominantly from the general rate Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences [Proposed amendment to the policy to add the following text to this section] Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired

Note: Revenue from council owned cafeteria is currently grouped under this activity and is used to offset the general rate.

Groups of Activities: Roads and Footpaths

Activities	Consideration of funding principles	Funding policy
Road and footpaths	Road and footpath users derive a direct benefit There are legal and practical constraints in directly charging users The vast majority of the public are users	Costs are funded from a combination of the general rate and government grants. Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired. Targeted rates may also be used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences [Proposed amendment to the policy to add the following text to this section] If enabled by central government the Regional Fuel Tax may be used to fund the some of the operating and capital expenditure

Groups of Activities: Public Transport and Travel Demand Management

Activities	Consideration of funding principles	Funding policy
Public Transport and travel demand management	Service users derive a direct benefit Public transport provides benefit for the wider community by reducing demand from private transportation for roading infrastructure	Costs are funded from a combination of the general rate, user charges and government grants Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers Targeted rates are used to fund interest and capital

Activities	Consideration of funding principles	Funding policy
		<p>expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p> <p>[Proposed amendment to the policy to add the following text to this section]</p> <p>If enabled by central government the Regional Fuel Tax may be used to fund the some of the operating and capital expenditure</p>
Parking and enforcement	<p>Parking customers derive the full benefit</p> <p>Individuals failing to comply with restrictions create the need for the council involvement</p>	<p>Costs are fully funded from user charges and fines</p> <p>Borrowings are used to address cash-flow timing differences</p>
Organisational support (Auckland Transport)	<p>Certain services within this activity (e.g. provision of financial assistance to certain ratepayers and supply of information for commercial or private use) deliver private benefits</p> <p>The remainder of the activity contributes to the council's provision of other external services</p>	<p>Costs are allocated to the council's external services</p> <p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>

Groups of Activities: Stormwater Management

Activities	Consideration of funding principles	Funding policy
Stormwater management	<p>These are public goods that benefit the community as a whole (except for a small number of local projects that benefit a specific group of ratepayers)</p>	<p>Costs are primarily funded from the general rate</p> <p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Financial contributions are used to fund the costs of environmental mitigation through the resource consent process</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p> <p>[Proposed amendment to the policy to add the following text to this section]</p> <p>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired</p>

Groups of Activities: Wastewater treatment and disposal

Activities	Consideration of funding principles	Funding policy
Wastewater	Water and wastewater customers derive the full benefit	<p>Costs are mainly funded from user charges</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) and are not funded by other user charges and/or development contributions where a project benefits a specific group of ratepayers</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences</p>

Groups of Activities: Water Supply

Activities	Consideration of funding principles	Funding policy
Water supply	Water and wastewater customers derive the full benefit	<p>Costs are mainly funded from user charges</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) and are not funded by other user charges and/or development contributions where a project benefits a specific group of ratepayers</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences</p>

DRAFT

Approval of the draft council-controlled organisation accountability policy for consultation

File No.: CP2018/00508

Item 11

Te take mō te pūrongo / Purpose of the report

1. To approve the draft revised council-controlled organisation accountability policy (the policy) for consultation as part of the Long-term Plan 2018-2028, known as the 10-year Budget.

Whakarāpopototanga matua / Executive summary

2. Auckland Council is required to have an accountability policy for its substantive council-controlled organisations (CCOs).
3. The development of the 10-year Budget provides an opportunity to revise and update the policy to align the expectations to the council's current objectives and priorities.
4. The proposed changes to the policy include:
 - adding a section on common expectations across all substantive CCOs e.g. providing value for money
 - revising the expectations for each CCO to align to the council's current objectives and policies
 - codifying existing requirements around reporting and planning
 - clarifying the policy on strategic assets.

Ngā tūtohunga / Recommendation/s

That the Governing Body:

- a) approve the draft revised council-controlled organisation accountability policy for consultation as part of the Long-term Plan 2018-2028
- b) note that the policy must be updated as part of the Long-term Plan 2018-2028.

Horopaki / Context

5. Under the Local Government (Auckland Council) Act 2009, Auckland Council is required to have an accountability policy for its substantive CCOs. The policy forms a basis for accountability to the council.
6. The policy was first adopted by the council following its establishment. During the development of the Long-term Plan 2015-2025, the council made slight amendments to the policy and added new expectations for Panuku Development Auckland.
7. The development of the 10-year Budget provides an opportunity to revise and update the policy to align the expectations to the council's current objectives and priorities. This is not a fundamental review of the role of CCOs, but an opportunity to align the policy with council decisions that have been made since the policy was last reviewed.
8. As the policy is part of the 10-year Budget, the substantive CCOs must 'give effect to' it. The policy is an important document which forms a basis for accountability to the council as the shareholder. It is unique to Auckland Council and is intended to be complementary to the Statement of Intent as an accountability mechanism, although more enduring as it is generally only revised every three years.

9. Under the Local Government (Auckland Council) Act 2009, the policy must include:
- a statement of the council's expectations for the CCOs contributions to, and alignment with, the council's objectives and priorities
 - a statement of the council's expectations for the CCOs contributions to, and alignment with, any relevant central government objectives and priorities.
 - any additional reporting requirements
 - any additional planning requirements
 - a list of strategic assets and set out requirements for their management, including for major transactions.

Tātaritanga me ngā tohutohu / Analysis and advice

10. The proposed changes are summarised in Table 1. The proposed changes include a new section on common expectations, with seven key areas with specific principles under each. These include:
- a focus on building public trust and confidence in the council group, including meeting the public's expectation of transparency and accountability
 - a focus on value for money, including the prudent use of money and assets, and ensuring that CCOs are informing the council of financial information so that it can manage impacts across the group
 - building a group approach, including participating proactively in efforts to achieve efficiencies and savings across the council group.
11. In addition, there are specific expectations of each substantive CCOs. The proposed changes to the individual expectations for each substantive CCO are based on the outcomes sought through the refreshed Auckland Plan. For some CCOs, for example Auckland Transport, these have been subject to significant analysis about the strategic direction for transport in Auckland and the outcomes that the council expects from Auckland Transport.
12. For others, such as Watercare Services Limited, a strategy is under development, for example, the 'Auckland's Waters' strategy, which is currently under development by a joint working party which includes staff from council, Watercare Services Limited and Auckland Transport. For other CCOs, e.g. Regional Facilities Auckland, there is no existing strategy that directly corresponds to their business.
13. The changes to the additional reporting and planning requirements are largely to codify and give more weight to existing practices, such as the reporting of risk to the council's Audit and Risk Committee.
14. The proposed changes to the strategic assets policy add principles on how strategic assets are to be managed and clarify the situations where council oversight is required, including a situation where a CCO proposes to make a decision that may not be consistent with existing policy.

Table 1 – summary of changes to the CCO accountability policy

Section	Summary of changes from previous policy	CCO accountability policy page reference	Discussion
1 The council's expectations of its CCOs Section 90(2)(a) & (b)	<ul style="list-style-type: none"> Introducing a section on common expectations covering: <ul style="list-style-type: none"> public trust and confidence value for money building a group approach outcomes for Māori health and safety managing risk shared governance. 	1 - 4	<ul style="list-style-type: none"> This brings together and emphasises some existing principles (from sources including previous council decisions and the CCO governance manual) with new principles.
	<ul style="list-style-type: none"> Updating content to reflect more current priorities for each CCO. 	5 – 12	<ul style="list-style-type: none"> The proposed outcomes are aligned with the refreshed Auckland Plan. Using a common structure on each, including purpose, expectations and methods.
2 Additional reporting requirements Section 90(2)(c)	<ul style="list-style-type: none"> Adding New Zealand Stock Exchange requirements. Adding Audit and Risk Committee reporting expectations. Anything else in Statement of Intent if required by the Finance and Performance Committee. 	13	<ul style="list-style-type: none"> Bringing together and codifying existing requirements.
3 Additional planning requirements Section 90(2)(d)	<ul style="list-style-type: none"> Inserting requirement for local board engagement plans. 	15	<ul style="list-style-type: none"> Elevating the importance of local board engagement plans, following the outcome of the Governance Framework Review.
4 Management of strategic assets Section 90(2)(e)	<ul style="list-style-type: none"> Adding QBE Stadium to 'strategic assets' and clarifying waterfront land definition. Introducing principles for the management of strategic assets. What to consider when decisions about strategic assets are being made. Clarifying the situations when the council should have oversight of such decisions and a process for exceptions to this. 	16	<ul style="list-style-type: none"> Creating explicit principles for the management of strategic assets, and things that need to be considered when decisions are being made. Clarifying when council approval is needed for a major transaction. Creating the ability to grant an exemption from council approval if the mayor, chair of the Finance and Performance Committee and the chief executive agree to that.

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15. In order to be effective, the revised policy should inform the drafting of future Statements of Intent (by CCOs) and the development of performance measures (by CCOs in conjunction with council). Staff will work with the CCOs to ensure that their strategic direction is aligned with the policy, and that the other expectations and requirements in the policy are implemented.

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

16. The governance of CCOs is a direct responsibility of the Governing Body, and therefore local board views have not been sought on this policy.
17. The proposed content on common expectations for CCOs includes a section on Auckland's shared governance model. The policy also requires the substantive CCOs to prepare a local board engagement plan.

Tauākī whakaaweawe Māori / Māori impact statement

18. The views of the Independent Māori Statutory Board were sought during the development of the policy.
19. The policy requires substantive CCOs to implement the council's Māori responsiveness framework, and to prepare and a Māori responsiveness plan and work with the council to monitor its performance against the plan.

Ngā ritenga ā-pūtea / Financial implications

20. There are no financial implications arising from this decision.


Ngā raru tūpono / Risks

21. There are no direct risks associated with this policy. However, if the CCOs (and other council staff) are not aware of the policy, there is a risk that it becomes ineffective. As such, council and CCOs staff will work together to ensure that they are aware of and giving effect to the policy.

Ngā koringa ā-muri / Next steps

22. If the Governing Body approves the draft policy, it will form part of the 'supporting information' for the 10-year Budget and will be publicly consulted on during March and April 2018.

Ngā tāpirihanga / Attachments

No.	Title	Page
A 	Draft Council-Controlled Organisation Accountability Policy	33

Ngā kaihaina / Signatories

Author	Sarah Holdem - Principal Policy Adviser, CCO Governance & External Partnerships
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Phil Wilson - Governance Director Stephen Town - Chief Executive

Draft Council-Controlled Organisation Accountability Policy

1 The council's expectations for CCO's contribution to the council's objectives and priorities

Section 90(2) of the Local Government (Auckland Council) Act 2009 (LGACA) sets out the requirements of the accountability policy, and states that:

"(2) The policy must—

- a) include a statement of the Council's expectations in respect of each substantive council-controlled organisation's contributions to, and alignment with, the Council's objectives and priorities.*
- b) include a statement of the Council's expectations in respect of each substantive council-controlled organisation's contributions to, and alignment with, any relevant objectives and priorities of central government."*

Central government departments have been involved in the development of plans and strategies of the council, including the Auckland Plan and the Auckland Transport Alignment Plan. Therefore, the objectives and priorities of central government are reflected in the expectations set out in this policy.

1.1 Common expectations

Auckland Council has a number of expectations of each of its substantive council-controlled organisations in respect of their contribution to, and alignment with, the council's objectives and priorities. Each substantive CCO is to meet the common expectations set out below and the specific expectations for each.

1.1.1 Build public trust and confidence in the council group

Each substantive CCO is to be responsible for

building public trust and confidence in itself and the council group. This is to be achieved by:

- Acting in the interests of all Aucklanders, both current and future.
- Recognising that the services and assets it may own or manage are public services and assets, which should be managed in the best interests of Aucklanders.
- Meeting the public's expectation of transparency and accountability, and always considering the council group's reputation.
- Improving the public's perception of transparency and accountability by tracking and reporting investment and performance data in a clear and accessible manner.
- Operating under a 'no surprises' policy, which means informing the council well in advance of any events, transactions or other issues that could be considered contentious or attract wide public interest, whether positive or negative.
- Ensuring excellent customer service, including understanding the communities it serves.
- Ensuring that any conflicts of interest or potential conflicts of interest (whether actual or perceived) are declared and managed appropriately.
- Providing transparent information about the activities and services it provides to the community.

- Including customers and communities in decision-making where appropriate, using the principles in the Significance and Engagement Policy.
- Being aware, as a public entity, of the need to be especially prudent around sensitive expenditure such as travel and entertainment, and ensuring that it only occurs where there is a justifiable business purpose.
- Engaging with central government on central government policy issues through the council parent (note that engagement on day-to-day issues that is in the normal course of the CCO's business does not need to be carried out through the council parent).
- Improving the recognition of ratepayer funding for public services and assets through the use of consistent, group-wide branding in accordance with the council's Brand Navigation Guidelines.

1.1.2 Provide value for money

Each substantive CCO is to ensure that it provides value for money for Aucklanders, which means achieving the outcomes and levels of service specified by the council as efficiently as possible. This is to be achieved by:

- Being accountable for decisions about spending and the use of council group resources and assets.
- Ensuring that all activities and services are underpinned by prudent use of resources and assets.
- Ensuring that there is a high degree of transparency in financial planning, budgeting, and sources of revenue.
- Informing the council well in advance of entering into any commitments or obligations that may:
 - have financial impacts which are outside of approved funding; or
 - negatively affect the group's prudential ratios¹ through a significant increase in group debt or reduction in revenue.
- Providing transparent information to Aucklanders on financial and non-financial performance to demonstrate value for money.
- Ensuring that there is a justifiable business purpose for all spending.
- Ensuring that investment is supported by robust business cases which meet the standards of any relevant group policies and provide a clear and strategic rationale for investment.
- Ensuring that the delivery of activities and services is as efficient as possible, and that corporate spending is kept to a minimum.

1.1.3 Building a group approach to achieve outcomes for Aucklanders

The substantive CCOs are to work with the council and with each other to achieve outcomes for Aucklanders. This is to be achieved by:

- Working together to align and achieve group strategies as set out in the Auckland Plan and prioritised through the Long-term Plan.
- Building and maintaining a culture of collaboration across the group to achieve the objectives and priorities of the council and to provide value for money.
- Open and transparent sharing of information where that is required to achieve outcomes for Aucklanders.

¹ The council has established prudential limits for the group that ensure borrowings (which can include things such as lease commitments) and interest expense do not grow too large relative to rates and other revenue. These are set out in Section XX of the Long-term Plan.

- Presenting a unified front with the parent and with other CCOs on key issues facing Auckland.
- Implementing agreed group policies such as those on Treasury, Insurance and Procurement², and participating in the development of any further group policies, for example 'Our Charter', which includes foundation principles and standards for staff behaviours.
- Participating proactively and constructively in efforts to achieve efficiencies and savings for the council group and make the most of its size and scale, including group procurement and the use of shared services.
- Acknowledging the council's wider policy settings in its own decision-making and considering issues from the perspective of the council.

1.1.4 Improve outcomes for Māori

The substantive CCOs are to give effect to the council's Māori responsiveness framework and foster more positive and productive relationships between the council group and Māori, develop the ability of the council group and its people to respond more effectively to Māori and contribute to Māori wellbeing by developing strong Māori communities in Tāmaki Makaurau. This is to be achieved by:

- Ensuring that the principles of te Tiriti o Waitangi, such as shared decision-making, partnership and mutual benefit, are applied consistently in activities and decision-making.
- Fulfilling statutory obligations to Māori under the Local Government (Auckland Council) Act 2009, Local Government Act 2002 and other statutes.
- Enabling Māori outcomes.
- Valuing te ao Māori – the Māori world view.
- In addition, the substantive CCOs are to contribute to achieving a collaborative and aligned approach across the council group to working with mana whenua and matāwaka.

1.1.5 Health and safety

Each substantive CCO is to give effect to the group Health, Safety and Wellbeing Policy and Behaviours Statement. This sets out principles and behaviours to give effect to the health and safety vision of the group.

1.1.6 Manage risk appropriately

Each substantive CCO is to proactively manage all their risks including strategic, financial, operational, and reputational risks (including the risk of fraud and/or corruption). Each CCO must:

- Manage, monitor and report on their risk management activities undertaken in accordance with either the council's Enterprise Risk Management Policy and Framework, or the CCO's own risk management framework.
- Actively report on the effectiveness of their risk management processes and outcomes.

² The group policies on insurance and procurement were approved by the Finance and Performance Committee on 19 September 2017 (Resolution FIN/2017/121). The same committee approved the policy on treasury management subject to receipt of a signed service level agreement between Watercare Services Limited and Auckland Council on 21 November 2017 (Resolution FIN/2017/161).

- Proactively report on all significant risks and issues and their management to ensure no surprises, transparency and that the significant risks are being appropriately managed.

Section 2.5 contains specific reporting requirements relating to these provisions, including quarterly reporting and appearing before the Audit and Risk Committee for the purpose of addressing risk management and risks.

1.1.7 Understanding and giving effect to Auckland's shared governance

Both the governing body and the local boards are responsible and democratically accountable for the decision making of Auckland Council.

The governing body has, among other decision-making roles, decision-making in relation to the governance of the council's CCOs. Therefore the substantive CCOs are directly accountable to Auckland Council through the governing body, and the board of each CCO has a direct governance relationship with the governing body. The substantive CCOs should

- Understand the role of the governing body.
- Proactively build and maintain good relationships with members of the governing body.
- Actively engage with the relevant ward councillors on projects and issues within their ward areas that are likely to be of interest.

Local boards make decisions on local activities and services, and play an important role in representing local communities. The activities of CCOs are very important in local communities, and each CCO must ensure that it works effectively with local boards. The substantive CCOs should:

- Understand the role of local boards, both their role as local decision-makers and their responsibility to identify and communicate the views and preferences of the communities in its local board area.
- Proactively build and maintain good relationships with each local board.
- Consult with local boards genuinely and early in a way that allows them to influence decisions that may:
 - affect a local board's governance role.
 - have a significant local impact (taking into account any mitigation measures).
 - require a CCO to undertake local or regional community consultation.

Substantive CCOs will need to recognise local interests while ensuring that regional priorities and strategies are achieved.

1.2 Auckland Council Investments Limited

A. Objectives of Auckland Council Investments Limited

The objectives of Auckland Council Investments Limited (ACIL) are³:

- To provide a strong commercial focus to the ownership and governance of the Auckland Council's major investment assets.
- To provide an efficient structure for the ownership of those assets.

B. The council's expectations of ACIL in relation to its objectives and priorities

ACIL is to:

- Provide substantial financial returns to the council which are financially sustainable in the long term.
- Maximise the contribution of its assets to the Auckland economy.

C. Methods

ACIL is to meet these expectations by:

- Encouraging Ports of Auckland Land (POAL) to be a good neighbour, supporting the Auckland waterfront becoming a key destination and events venue for businesses, residents and visitors.
- In particular, ACIL shall give guidance to POAL in the management of its boundary issues associated with the broader development aspirations associated with Panuku Development Auckland and the Waterfront Development Master Plan.
- Maintain an effective working relationship with Auckland International Airport Limited (AIAL).
- Ensure that it acts consistently with the council's policy on its shareholding in AIAL, and makes the council aware of any issues that may significantly affect this shareholding.

³ Auckland Council Investments Limited company constitution

1.3 Auckland Tourism, Events and Economic Development

A. Objectives of Auckland Tourism, Events and Economic Development

The objectives of Auckland Tourism, Events and Economic Development (ATEED) are⁴:

- To lift Auckland's economic wellbeing.
- To support and enhance Auckland's performance as a key contributor to the New Zealand economy.
- To support and enhance Auckland's ability to compete internationally as a desirable place to visit, live, work, invest and do business.

B. The council's expectations of ATEED in relation to its objectives and priorities

ATEED is to give effect to the objectives and priorities of the council in the Auckland Plan, and the Auckland Economic Development Strategy, and in particular by:

Opportunities and prosperity

- Create the conditions for a resilient economy, innovation, and employment growth, and raise productivity
- Attract and retain skills, talent and investment
- Develop skills and talent for the changing nature of work and life-long achievement

Māori identity and wellbeing

- Showcase Auckland's Māori identity and vibrant Māori culture
- Promote Māori cultural innovation and enterprise that contributes to economic, social and environmental success

In doing so, ATEED is to:

- Use regulatory and other mechanisms to support innovation and economic growth
- Advance Māori employment and create the environment for Māori business and iwi organisations to be a powerhouse in Auckland's economy
- Leverage Auckland's position to support growth in exports and a competitive New Zealand economy
- Increase ongoing learning and training in new and emerging areas, with a focus on those most in need

C. Methods

ATEED is to meet these expectations by:

- Ensuring that its funding, policies and activities are directed towards achieving the council's objectives and priorities.
- Collaborating with the council, council-controlled organisations and the relevant central government agencies to maximise benefits for Aucklanders and ensure value for money.

⁴ ATEED company constitution

1.4 Auckland Transport

A. Purpose of Auckland Transport

The purpose of Auckland Transport is to contribute to an effective, efficient, and safe Auckland land transport system in the public interest⁵.

B. The council's expectations of Auckland Transport in relation to its objectives and priorities

Auckland Transport is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

- Creating an integrated transport system that efficiently connects people, places, goods and services
- Increasing real travel choices to support a vibrant, equitable and healthy Auckland
- Minimising harm from the transport system on people and the environment

In doing so, Auckland Transport is to:

- Make better use of existing transport networks, including a greater focus on influencing travel demand.
- Target new transport investment to the most significant challenges to support key long-term outcomes.
- Maximise the benefits of existing and emerging transport technology.
- Make walking, cycling and public transport preferred choices for many more Aucklanders.
- Better integrate land-use and transport decisions to support quality urban living, including a balance between the movement and place-making functions of our roads and streets.
- Move to a safe transport network free from death and serious injury.
- Develop a resilient transport system that achieves the most positive environmental and health impacts.

Auckland Transport is to contribute to other relevant outcomes in the Auckland Plan, including:

- Māori Identity and Wellbeing
- Belonging and Participation
- Homes and Places
- Environment and Cultural Heritage

C. Methods:

Auckland Transport is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans are directed towards achieving these objectives and priorities.

⁵ Section 39, Local Government (Auckland Council) Act 2009.

- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan. The Development Strategy sets out how Auckland will change and grow over the next 30 years, through a quality compact approach.
- Engaging early with the council to ensure any proposed major investment decisions, city-shaping projects or significant policies align with the council's objectives and priorities, in accordance with the policy on Strategic Assets in Section 5.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council's objectives and priorities in an efficient and effective way, including in particular the integration of transport infrastructure with land use.
- Aiming to secure co-funding from the New Zealand Transport Agency for all eligible investments which are aligned with the council's priorities to maximise value for money for Aucklanders.

1.5 Panuku Development Auckland

A. Purpose⁶

The purpose of Panuku Development Auckland (Panuku) is to contribute to the implementation of the Auckland Plan and encourage economic development by facilitating urban redevelopment that optimises and integrates good public transport outcomes, efficient and sustainable infrastructure and quality public services and amenities.

Panuku will manage council's non-service⁷ property portfolio and provide strategic advice on council's other property portfolios. It will recycle or redevelop sub-optimal or underutilised council assets and aim to achieve an overall balance of commercial and strategic outcomes.

B. The council's expectations of Panuku in relation to its objectives and priorities

Panuku is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

1. **Facilitating redevelopment of urban locations**
Panuku is to facilitate private sector, third sector⁸, iwi and government investment and collaboration into the sustainable redevelopment of brownfield urban locations consistent with the Development Strategy in the Auckland Plan. It will also co-ordinate the provision of the council's infrastructure and other investment in these locations.
2. **Accommodating urban growth through redevelopment**
Panuku is to contribute to accommodating residential and commercial growth through facilitating the quality redevelopment of urban locations with excellent public infrastructure and services. Redevelopment of the overall portfolio should offer a range of residential choices and price points to cater for diverse households.
3. **Facilitating vibrant places**
Panuku is to facilitate the creation of adaptable and resilient places that contribute to wellbeing, promote health and safety and are fully accessible to people with disabilities and older people. It will harness and incorporate the local community's unique identity, attributes and potential to create vibrant communities.
4. **Developing the Auckland waterfront**
Panuku is to continue to lead the development of the Auckland waterfront in a way that is consistent with the Waterfront Plan 2012, and which balances commercial and public good objectives, including high quality urban design.

⁶ Panuku Development Auckland company constitution

⁷ Non service properties are defined in the Local Government (Tāmaki Makaurau Reorganisation) Council-controlled Organisations Vesting Order 2010 as property that is not infrastructure or used to deliver services.

⁸ The third sector refers to organisations that are not for profit or non-government organisations.

5. Strategically create value from assets

In partnership with the council group, Panuku is to use its commercial expertise and knowledge of land and property markets to:

- Panuku may facilitate quality redevelopment of underutilised council landholdings within current urban boundaries.
- Manage the council group's non-service properties in a way that optimises the returns to the council group.
- Acquire land consistent with the council's specifications.
- Optimise returns from the disposal and development of land in a commercially robust way⁹.

6. Promoting Māori identity and wellbeing

Panuku is to promote Māori identity and wellbeing by:

- Showcasing Auckland's Māori identity and vibrant Māori culture.
- Recognising Te Tiriti o Waitangi and supporting mana whenua in their unique role as kaitiaki of Tāmaki Makaurau.

C. Methods

Panuku is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans (including locally-specific development plans) are directed towards achieving these objectives and priorities.
- Working with the council, other council-controlled organisations and infrastructure providers to facilitate urban redevelopment.

⁹ The council has set targets for the return from disposals of assets and land in the Long-term Plan.

1.6 Regional Facilities Auckland Limited

A. Purpose

The purpose of Regional Facilities Auckland Limited (RFA) is to engage the communities of Auckland through cultural, heritage, and lifestyle opportunities. This will be done primarily by operating, administering and developing various regional facilities on a prudent, commercial basis¹⁰.

B. The council's expectations of RFA in relation to its objectives and priorities

Through its activities and the facilities and venues it operates, Regional Facilities Auckland is to contribute to several of the outcome areas in the Auckland Plan. These include:

- Belonging and participation, and specifically to support arts and cultural initiatives, and providing opportunities and spaces for people to connect with one another.
- Environment and cultural heritage, and specifically contributing to our cultural heritage, valuing and enhancing our environment, future-proofing infrastructure for a changing Auckland and supporting and enabling Aucklanders to be stewards of our cultural heritage.
- Māori identity and wellbeing, and specifically celebrating Māoritanga through cultural facilities.

In addition, Regional Facilities Auckland is to give effect to the relevant objectives and priorities set out in council strategies including:

- Toi Whitiki: Arts and Culture Strategic Action Plan.
- The Auckland Sport & Recreation Strategic Action Plan.

C. Methods

Regional Facilities Auckland is to meet these expectations by:

- Ensuring that its planning and investment in, and management of, regional venues and facilities is aligned to these objectives and priorities.
- Focussing on commercial operation of venues and facilities.
- Taking a regional perspective to the provision of facilities for Aucklanders, including working closely with the council to ensure that plans for regional venues and facilities and plans affecting national-level venues and facilities are aligned with the network of local and community facilities.
- Ensuring that the development of significant plans and strategies to achieve its aims are carried out in collaboration with the council, to ensure major investments are aligned with the council's broader development strategies and intentions.
- Recognising central government as a strategic partner, and aligning, where appropriate, with its policy for and investment in facilities providing cultural, heritage, and lifestyle opportunities.

¹⁰ Regional Facilities Auckland deed of trust

1.7 Watercare Services Limited

A. Purpose of Watercare Services Limited

The purpose of Watercare Services Limited (Watercare) is to provide Auckland's integrated water supply and wastewater services.¹¹

B. The council's expectations of Watercare in relation to its objectives and priorities

Watercare is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

Environment and cultural heritage:

- Ensuring Auckland's environment and ecosystems are valued and cared for
- Applying a Māori world view to treasure and protect our environment (taonga tuku iho)
- Using growth and development to protect and enhance Auckland's environment
- Ensuring Auckland's infrastructure is future-proofed

Homes and places:

- Developing a quality, compact urban form to accommodate Auckland's growth

Māori identity and wellbeing:

- Recognise Te Tiriti o Waitangi and support mana whenua in their unique role as kaitiaki of Tamaki Makaurau.

C. Methods:

Watercare is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans are directed towards achieving these objectives and priorities.
- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan. The Development Strategy sets out how Auckland will change and grow over the next 30 years, through a quality compact approach.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council's objectives and priorities in an efficient and effective way, including in particular the optimisation and integration of water, wastewater and stormwater (the three waters) for the benefit of current and future Aucklanders.
- Actively facilitating the participation of Māori in the management of natural resources.

¹¹ Constitution of Watercare Services Limited

2 Additional reporting requirements

Section 90(2) of the LGACA states that:

“(2) *The policy must—*

...

- c) *specify any reporting requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.”*

2.1 Statutory requirements

Sections 66 to 68 of the Local Government Act 2002 (LGA) set out requirements for CCOs to provide half-yearly and annual reports on their operations to the council.

The half-yearly report must be provided within two months after the end of the first half of each financial year. The annual report must be delivered to the council no later than three months after the end of the financial year, and must be publicly available on the CCO's website, with a hard copy available to any member of the public upon request. The release of the half-yearly and annual reports are required to be managed in accordance with the New Zealand Stock Exchange (NZX) continuous disclosure requirements as noted under Section 2.4.

In addition to the statutory requirements, each substantive CCO is to provide additional reporting as set out below.

2.2 Quarterly reporting

In addition to the statutory requirements for half-yearly and annual reports, the council requires all substantive CCOs to provide a quarterly report on their performance to the council, no later than 1 month after the end of the first and third quarter of each financial year¹² or as per the instructions of the Group Financial Controller.

The quarterly report must report against the performance targets set out in its SOI, and must be in the format required by the council.

2.3 Attendance at council committee meetings

The chair and chief executive of each substantive CCO are expected to appear before the relevant council committee when it meets to consider the CCO's performance against its SOI.

The board of each substantive CCO is required to appear before the relevant council committee when it meets to consider its annual report and/or fourth quarter report.

2.4 New Zealand Stock Exchange requirements

Substantive CCOs must adhere to the New Zealand Stock Exchange (NZX) requirements and work with the council on the timing of public release of financial information. In particular, CCO and group information must remain confidential until the group interim report and full Auckland Council annual report have been adopted by the council and released to the NZX at the end of February and September, respectively.

¹² As provided for in s91(1)(b) of the LGACA.

Substantive CCOs must also comply with the requirements of the continuous disclosure policy.

2.5 Audit and risk reporting requirements

Each substantive CCO is to:

- Provide a risk report and top risks register (as presented to its own audit and risk committee, board or equivalent) to council staff on a quarterly basis. This information will be reported to the council's Audit and Risk Committee as a confidential item. Ensure relevant senior executives attend the meeting of the council's Audit and Risk Committee as requested by the council. This will be every six months or as the Committee requires.
- As part of end of financial year processes, report all Audit New Zealand findings through council staff to the council's Audit and Risk Committee.

2.6 Provide information as required

Each substantive CCO is required to provide information on any aspect of a CCO's performance against its statement of intent if required to by a resolution of the relevant council committee.

3 Additional planning requirements

Section 90(2) of the LGACA states that:

“(2) *The policy must—*

...

- d) *specify any planning requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.*”

3.1 Inputs to Long-term Plan and Annual Plan

Each substantive CCO is to have asset management plans, activity plans, performance frameworks and supporting financial information as inputs to the council's Long-term Plan and Annual Plan in accordance with the timeframes and other requirements specified by the council.

3.2 Further requirements

Each substantive CCO must:

- Use the council's asset management framework, or obtain the council's approval for an alternative framework.
- Use accounting policies and standards that are consistent with the council group's accounting policies and standards.
- Comply with council tax initiatives and policies.
- Follow any other planning requirements specified by the council and notified to CCOs.
- Prepare a Māori Responsiveness Plan, and work with the council to monitor and report against it.
- Prepare a local board engagement plan in accordance with the framework set out in the Governance Manual for Substantive CCOs.

4 Management of strategic assets by council-controlled organisations

Section 90(2) of the LGACA states that:

“(2) The policy must—

- ...
e) *identify or define any strategic assets in relation to each substantive council-controlled organisation and set out any requirements in relation to the organisation’s management of those assets, including the process by which the organisation may approve major transactions in relation to them.*”

4.1 Definition and identification of strategic assets

Strategic assets are defined in section 5 of the Local Government Act 2002 (LGA) as assets that a local authority needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community. This includes:

- a) any asset or group of assets listed in the local authority’s Significance and Engagement Policy; and
- b) any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and
- c) any equity securities held by the local authority in—
 - a) a port company;
 - b) an airport company.

For the purposes of this policy, the council considers that the “current or future well-being of the community” means the economic, social, environmental and cultural well-being, and the health and safety of communities.

The strategic assets owned and/or managed by the council’s CCOs are any scheduled heritage buildings or structures and the assets set out in table 1.

Table 1 – Strategic assets owned or managed by substantive CCOs

Council-controlled organisation	Strategic assets owned and managed by the CCO	Strategic assets owned by the council and managed by the CCO
Auckland Council Investments Limited	100% shareholding in Ports of Auckland Limited, including its freehold interests in waterfront land Shares held in Auckland International Airport Limited	none
Auckland Tourism, Events and Economic Development Limited	none	none
Auckland Transport	The public transport network including Britomart	The roading network
Regional Facilities Auckland	Auckland Art Gallery (including the arts collections owned by Regional	none

	Facilities Auckland) Auckland Zoo Aotea Centre Civic Theatre Viaduct Events Centre Mt Smart Stadium QBE Stadium (formerly known as North Harbour Stadium) The council's contractual rights and interest in Auckland City Arena (known as Spark Arena)	
Panuku Development Auckland Limited	The freehold interests in central Auckland waterfront land	none
Watercare Services Limited	The wastewater network The water supply network	none

4.2 Requirements in relation to the management of strategic assets by CCOs

4.2.1 Principles for the management of strategic assets

Each substantive CCO must manage the strategic assets set out in Table 1 in a way that:

- maximises the long-term benefit of the strategic assets to Auckland.
- gives effect to the expectations set out in Part 1 of this policy and the performance measures set out in this long-term plan.
- enables the CCO to achieve the objectives and performance measures set out in its statement of intent.

In making a decision about a strategic asset that may affect the council's long-term interest in that asset or the associated service delivery to Aucklanders, each substantive CCO must consider the following factors in relation to the proposal, in addition to any of its own considerations:

- the contribution of the issue or proposal to meeting the expectations set out in this policy and in the statement of intent.
- any impacts on the council's other objectives or priorities (both positive and negative).
- its consistency with the council's other plans and strategies, including area-specific plans.
- the likely financial impacts of the proposal, noting the opportunity cost of any investment or expenditure.

4.2.2 Additional requirements for Auckland Council Investments Limited

Auckland Council Investments Limited (ACIL) must:

- give effect to the council's Auckland Airport Shareholding Policy.

- not make any decisions that are inconsistent with that policy.

4.2.3 Shareholder oversight of significant decisions and major transactions

The table below sets out the approach to shareholder oversight of decisions about strategic assets and major transactions.

Table 2 – Shareholder oversight of major transactions and significant decisions

Where a CCO proposes to	The shareholder must be involved in the following way
<ul style="list-style-type: none"> • Carry out a <i>major transaction</i> (defined below) • Undertake an action or make a decision which may affect the council's long-term interest in a strategic asset or the associated service delivery to Aucklanders and: <ul style="list-style-type: none"> ○ which represents or may represent a departure from an agreed strategy of the council; or ○ where there is no agreed strategy of the council 	Approval of the governing body of Auckland Council is required except where it is already provided for in the Long-term Plan. Note that some major transactions must be set out in the Long-term Plan. ¹³
<ul style="list-style-type: none"> • Undertake an action or make a decision which may affect the council's long-term interest in a strategic asset or the associated service delivery to Aucklanders which is consistent with an agreed strategy of the council 	<p>Provide information to the governing body through a workshop or memorandum.</p> <p>Engage with relevant local boards to the degree required by the principles in Section 1 of this policy.</p>
<ul style="list-style-type: none"> • Undertake any operational action decision that are part of day-to-day business, or which implement agreed decisions 	<p>No governing body involvement is required.</p> <p>Engage with relevant local boards to the degree required by the principles in Section 1 of this policy.</p>

Where it is not clear if the proposed action or decision is consistent with an agreed strategy of the council, a CCO should engage with council staff to assess its alignment with the objectives and priorities of the council.

4.2.4 Definition of major transaction

For the purposes of this accountability policy, a “major transaction¹⁴” is:

¹³ Some decisions must be included in the long-term plan: section 97 of the Local Government Act 2002 requires that (a) a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity and (b) a decision to transfer the ownership or control of a strategic asset to or from the local authority must be consulted on during the development of a long-term plan.

¹⁴ Note that this is a different definition of “major transaction” to that provided for in the Companies Act 1993, which has different requirements associated with it.

- a) Any acquisition, disposal or replacement of a strategic asset, other than ongoing asset renewal in accordance with a CCO's asset management plan
- b) Any transaction or dealing in relation to a strategic asset:
 - o That will affect the asset's control (whether directly or indirectly)
 - o Reducing or materially affecting the asset's value
 - o Granting any legal interest in the asset to a third party
 - o That affects the CCO's or council's ownership of the asset
- c) Any long-term contracts for the development or operation of a strategic asset (being a contract binding the CCO to a term exceeding fifteen (15) years, including any renewals at the contractor's option)
- d) Any matters covered by Section 3.4 (rights and securities issues) or Section 3.5 (takeover offers, mergers and capital restructuring) of the Auckland Airport Shareholding Policy.

In relation to network infrastructure, a transaction only qualifies as a major transaction if it relates to any part of a network which:

- is integral to the functioning of the network as a whole, or
- substantially affects the level of service provided to the community.

A lease granted by a CCO on a strategic asset is not a major transaction if the lease:

- i. is granted in the ordinary course of the CCO's business on arms-length terms; and
- ii. does not exceed fifteen (15) years in duration (including any renewals at the lessee's option); and
- iii. does not exceed \$500,000 in rent per annum.

4.2.5 Situations where the council's approval may not be required

Where a proposal requires the approval of the shareholder according to Table 2 above, but is not material to the council's long-term interest in the strategic asset and the associated service delivery to Aucklanders, approval from the council may not be required. This can be granted at the discretion of the Mayor, Chair of the Finance and Performance Committee and the council's Chief Executive, according to the criteria in the council's Significance and Engagement Policy.

4.2.6 Process where the council's approval is required

Where approval of the council is required, it will be assessed against the following criteria:

- The contribution of the proposal to meeting the expectations set out in this policy and in the statement of intent, and other plans and strategies of council.
- The financial impacts of the decision.
- Whether the relevant CCO's Board has considered all of the relevant information which would influence the decision, including the risks and mitigations; and
- Any other factor that the council considers to be relevant.

Adoption of consultation material: 10-year Budget 2018-2028 and Auckland Plan 2050

File No.: CP2018/01170

Item 12

Te take mō te pūrongo / Purpose of the report

1. To adopt the Consultation Document and Supporting Information for the Long Term Plan 2018-2028 (LTP), referred to as the 10-Year Budget, and the Summary of information contained in the draft Auckland Plan 2050.

Whakarāpopototanga matua / Executive summary

2. Public consultation on the 10-year Budget and the Auckland Plan 2050 will take place concurrently from 28 February to 28 March 2018.
3. To support the concurrent consultation for the 10-year Budget and the Auckland Plan 2050, a Combined Consultation Document has been created (Attachment C), which includes:
 - The consultation document for the LTP, in accordance with s93A-G of the Local Government Act 2002 (referred to as the 10-year Budget Consultation Document) (Parts 1, 2, 4 & 5 of Attachment C); and
 - A summary of the information contained in the draft Auckland Plan, in accordance with s 83(1)(a)(ii) of the Local Government Act 2002 (referred to as the Auckland Plan Summary) (Parts 1, 3, 4 & 5 of Attachment C).
4. In addition to the Combined Consultation Document, the following material has been developed to support the consultation phase:
 - Supporting Information that is relied on by the content of the 10-year Budget Consultation Document (referred to as the 10-year Budget 2018-2028 Supporting Information).
 - The draft Auckland Plan 2050 and overview document – adopted by the Planning Committee in November 2017, the draft plan is being developed into a digital plan. The website will be available for the consultation phase.
 - An Auckland Plan 2050 and 10-year Budget combined feedback form.
 - Translations and accessible versions.
5. The 10-year Budget Consultation Document and Supporting Information and the Auckland Plan Summary need to be adopted by the Governing Body before being released for public consultation on 28 February 2018.
6. The consultation materials described above reflect:
 - Planning Committee decisions in November 2017 on the consultation topics for the Auckland Plan
 - Governing Body decisions in December 2017 on the consultation topics for the 10-year Budget 2018-2028
 - Local board decisions in December 2017 on the key local priorities for their 2018/2019 Local Board Agreement.
7. The 10-year Budget Consultation Document has been developed in conjunction with council's Legal team to ensure it meets legislative requirements. The questions on the feedback form have been developed in conjunction with the University of Auckland.

Item 12

8. Audit NZ have completed their audit of the 10-year Budget Consultation Document and Supporting Information and will provide their audit opinion to the Governing Body ahead of adoption. A representative of the Office of the Auditor General will be present at the meeting.
9. The Audit and Risk Committee have been part of the 10-year Budget process and have provided an oversight of the relevant controls, risks and risk mitigations. By way of committee resolution, they have provided assurance to the Governing Body that effective internal controls and risk management processes have been followed and that there are no significant outstanding audit issues.
10. Key components of the approach to the concurrent consultation are:
 - approximately 25 Have Your Say (HYS) events across Auckland to provide an opportunity for “spoken (or NZ sign language) interaction” with decision makers or their delegates, supported by staff to record feedback received. A delegation is sought below in relation to all relevant plans being consulted on concurrently that require “spoken interaction” (Auckland Plan, 10-year Budget and Waste Management and Minimisation Plan).
 - utilisation of Our Auckland to raise awareness by providing an introduction to key issues and proposals for consultation in the March edition, with local board content being tailored to each area and the feedback form also being included.
 - utilisation of written, in person, and digital feedback channels.
11. Following consultation, briefing reports will be developed for elected members that summarise the feedback received. These will be publicly available. In addition, a summary of the final decisions will be made available in July on council’s website, as well as at libraries, local board offices and service centres.
12. There is also a statutory requirement for the Tūpuna Maunga Authority and Auckland Council to agree an Annual Operational Plan as part of the Long-term Plan process. This requires the Council to consult on the Draft Tūpuna Maunga Operational Plan. A joint meeting of the Tūpuna Maunga Authority and Council has been scheduled in May to consider submissions relating to the plan.
13. Other relevant consultations that are taking place concurrently are:
 - Waste Management and Minimisation Plan (WMMP).
 - Regional Pest Management Plan (RPMP).
 - Revenue and Financing Policy.
14. Following the consideration of feedback, final decisions will be made on each of the plans:
 - Decisions for the 10-year budget (LTP) will be made on 31 May 2018 and the Governing Body will meet to adopt the final 10-year Budget (LTP) on 27 June 2018.
 - The updated Auckland Plan will be considered by the Planning Committee on 5 June and the Governing Body will meet to adopt the final plan on 28 June 2018.

Ngā tūtohunga / Recommendation/s

That the Governing Body:

- a) adopt the Supporting Information for the Long-term Plan 2018-2028 (referred to as the 10-year Budget Supporting Information).
- b) adopt parts 1, 2, 4 & 5 of Attachment C as the Consultation Document for the Long-term Plan 2018-2028 (referred to as the 10-year Budget Consultation Document).
- c) adopt parts 1, 3, 4 & 5 of Attachment C as the summary of information contained in the draft Auckland Plan 2050 (referred to as the Auckland Plan Summary)
- d) delegate responsibility to the Mayor, Chair of Finance and Performance Committee, Chair of the Planning Committee and the Group Chief Financial Officer to approve any final edits required to the Combined Consultation Document and 10-year budget Supporting Information in order to finalise the documents for uploading online and physical distribution.
- e) note the following key features of the concurrent consultation process:
 - i) public consultation will run from Wednesday, 28 February 2018 to 8pm Wednesday, 28 March 2018;
 - ii) the feedback form will be distributed to all households with Our Auckland;
 - iii) feedback can be provided through written, in person and digital channels;
 - iv) Have Your Say and Community Feedback events will be held across the region to allow Aucklanders to provide feedback and have their views heard;
 - v) briefing reports will be prepared to provide a summary of public feedback received across all channels;
 - vi) the council will participate in a joint deliberations meeting with the Tūpuna Maunga Authority on their Annual Operational Plan;
 - vii) a summary of the final decisions made for each plan will be prepared in July and widely communicated.
- f) delegate to the following elected members and staff the responsibility to hear from the public through “spoken (or NZ sign language) interaction” at the “Have Your Say” events for consultation on the Auckland Plan, 10-year Budget and WMMP:
 - i) Mayor and Councillors;
 - ii) Local Board Chairs and Local Board Members;
 - iii) staff approved by the Group Chief Financial Officer.

Horopaki / Context

15. Auckland Council undertakes a comprehensive set of planning activities. For 2018, the two key plans that are being consulted on are:
 - The 10-year budget 2018-2028 (LTP), which sets out service levels and budgets and enables rates to be set. The 10-year budget is statutorily required to be completed every three years (with annual budgets prepared in between) and includes local board agreements and a summary of the Tūpuna Maunga Authority Annual Operational Plan.
 - The updated Auckland Plan, which is a long-term spatial plan for Auckland that looks ahead to 2050 and considers how we will address our key challenges and manage growth and development.

16. As the timing of the development of the 10-year budget and the Auckland Plan are closely aligned, it was agreed that consultation should be run concurrently.
17. Auckland Council is also consulting on the Regional Pest Management Plan and the Waste Management and Minimisation Plan (WMMP). Aucklanders will be able to give feedback on these plans at the Have Your Say events during the consultation period.
18. Consultation on the WMMP, like the Auckland Plan and 10-year Budget, requires use of the special consultative procedure and accordingly requires that Aucklanders be given an opportunity for “spoken interaction” with decision makers (or their delegates).
19. On 5 December 2017, when adopting the draft WMMP, the Environment and Community Committee recommended that the Governing Body delegate authority for “spoken interaction” at public engagement events during the consultation period in line with any such delegation made in respect of the LTP and/or Auckland Plan refresh. Accordingly, this report seeks a delegation for “spoken interaction” in respect of the 10-year Budget, Auckland Plan and the WMMP.

Tātaritanga me ngā tohutohu / Analysis and advice

Developing Auckland Plan 2050

20. The draft Auckland Plan has been developed over the course of 2017 under the direction of the Planning Committee. It has been informed through two phases of engagement with our partners and stakeholders.
21. An integrated spatial plan, it sets a 30 year direction to address the key issues facing Auckland and Aucklanders. The Auckland Plan is legislatively required to provide a basis for aligning the implementation plans, regulatory plans, and funding programmes of Auckland Council.
22. The draft Auckland Plan contains Auckland’s Development Strategy which identifies growth areas and the infrastructure needed to support this growth. The Infrastructure Strategy (part of the 10-year Budget) identifies the investment needed to deliver the infrastructure requirements and estimates the financial impact. The Development Strategy has informed the investment proposals developed for consideration through the 10-year Budget process.
23. The draft Auckland Plan was adopted by the Planning Committee in November 2017 and is now being developed into a digital plan. The website will be available for the consultation phase.

Developing the 10-year Budget 2018-2028

24. The process to develop council’s LTP began with the Mayoral Intent which was presented on the 22 August 2017. This identified the budget priority areas as transport, housing and the environment.
25. Following the Mayoral Intent, a series of workshops with the Finance and Performance Committee were held between July and November 2017. A nominee from each local board attended most of the workshops leading up to the Mayor’s Proposal.
26. On 30 November 2017, the Finance and Performance Committee received the Mayoral Proposal for consultation on the LTP. On 11 and 12 December 2017 the Finance and Performance Committee and, subsequently the Governing Body, considered this proposal and agreed the items for consultation in the 10-year Budget.

Developing local board agreements and consulting on local issues

27. Each year a local board agreement is developed for each local board that sets out priorities, budgets and intended levels of service for local activities, and the capital and operating expenditure required to fund these activities. Local board agreements are agreed between the local board and the Governing Body as part of the annual plan or long-term plan process.
28. Local boards held workshops in November and December 2017 ahead of meetings in December 2017 to adopt their content for consultation on their 2018/2019 Local Board Agreement. Most local boards chose to include their one local initiative (called a key advocacy project) in their consultation material. Around five key priorities for each local board for 2018/2019 are set out in the Consultation Document with an additional two pages of information per local board in the Supporting Information.
29. HYS and Community Feedback events will be held across the region. These events allow Aucklanders to have “spoken interaction” with decision makers (or their delegates) on both local and regional issues.

Draft Tūpuna Maunga Operational Plan

30. Each year a Tūpuna Maunga Operational Plan is developed to provide a framework in which the council will carry out its functions for the routine management of the maunga and administered lands for that financial year. The Tūpuna Maunga Operational Plan must be prepared and adopted concurrently with the council’s long-term plan and must be included in summary form in the long-term plan consultation documentation.
31. The Tūpuna Maunga Authority met in November 2017 to approve the draft budget for 2018/2019 and on 11 December the Governing Body adopted the Draft Tūpuna Maunga Operational Plan. Content relating to the Draft Tūpuna Maunga Operational Plan has been referred to in the Consultation Document and the summary of the plan is in section 4.4 of the Supporting Information.
32. An event to receive spoken feedback on the Draft Tūpuna Maunga Operational Plan will be scheduled during the consultation period. This event will be attended by Tūpuna Maunga Authority members.

Consultation material

33. The consultation material and process should provide an effective basis for the public to participate in council’s decision-making process.
34. The table below summarises the material developed to support consultation on the 10-year budget and the Auckland Plan.

Table One: Material prepared to support consultation

Document	Relevant plan	Description
Combined Consultation Document (Attachment C)	<ul style="list-style-type: none"> 10-year budget Auckland Plan 2050 	<p>A combined document where Council seeks feedback on the key:</p> <ul style="list-style-type: none"> Issues and proposals relating to the Council's LTP challenges Auckland faces over the next 30 years.
Feedback form	<ul style="list-style-type: none"> 10-year budget Auckland Plan 2050 	<p>A joint feedback form setting out the consultation questions for the 10-year budget and the Auckland Plan.</p> <p>Translated into five languages, easy-read and NZ sign language.</p> <p>Questions have been developed in conjunction with Dr Catherine Frethey-Bentham, Senior Lecturer and market research specialist, from the University of Auckland.</p>
10-year budget Translated versions (under development)	10-year budget	<p>A summary of the 10-year budget information in the Consultation Document.</p> <p>Translated into five languages, easy-read and a NZ sign language video.</p>
10-year budget Supporting Information (Attachment D)	10-year budget	Includes the relevant strategies, policies, detailed service level and budget information that is relied on by the content of the 10-year Budget consultation document.
The draft Auckland Plan 2050	Auckland Plan 2050	<p>The draft Auckland Plan is a digital plan (website). A print version will also be available.</p> <p>The draft plan was adopted by the Planning Committee in November 2017 to enable the website to be built (not attached).</p>
Overview of the draft Auckland Plan 2050	Auckland Plan 2050	<p>A 16 page summary of the draft Auckland Plan. The overview was adopted by the Planning Committee in November 2017 (not attached).</p> <p>Translated into five languages, easy-read and NZ sign language.</p>

35. All documents will be available online and hard copies will also be available in libraries, service centres, local board offices and at HYS events.
36. Other relevant information e.g. the Draft Tūpuna Maunga Operational Plan will also be made available online and in hard copy version as above.
37. The five languages for translated documents are Māori, Chinese, Samoan, Korean and Tongan. Accessible versions of all documents will also be prepared.
38. Staff considered the Significance and Engagement policy when identifying the key budget issues included in the Consultation Document, and worked closely with the council's Legal team to ensure that the Consultation Document, Supporting Information and the consultation approach meet legislative requirements.

Audit process

39. The 10-year Budget (LTP) Consultation Document and supporting information are statutorily required to be audited. Audit NZ have been working alongside relevant staff for some months and the audit process has now been concluded. The Office of the Auditor General (OAG) will issue their opinion before the Governing Body formally adopt the Consultation Document and supporting information. A representative of the OAG will be present at the meeting to answer any questions that may arise.
40. In addition, the Audit and Risk Committee have taken a role in the 10-year Budget process for the first time. They have provided oversight of the relevant process controls, risks and mitigations. On 12 February 2018, following reports from staff, Audit NZ and the Office of the Auditor General, the Committee resolved to:
 - a) *receive the report on the key controls and risks relating to the 10 year budget 2018-2028 Consultation Document and Supporting Information.*
 - b) *advise the Governing Body that effective internal control and risk management processes have been followed during the preparation of the Consultation Document and supporting information.*
 - c) *advise the Governing Body that there are no significant outstanding audit issues.*
 - d) *note that the chairperson will receive a signed back to back letter of representation from the Chief Executive and the Acting Group Chief Financial Officer addressed to the Mayor ahead of the Governing Body meeting on 21 February 2018.*

Consultation process

41. The Finance and Performance Committee approved the approach to receiving verbal feedback in November 2017. This includes HYS events, regional stakeholder events, a quantitative survey and other hui and community events.
42. To ensure that all public feedback delivered through HYS events can be incorporated into formal feedback, a delegation is sought to give the responsibility for hearing from the public through spoken interaction, to all elected members and staff, as approved by the Chief Financial Officer.
43. Further detail on the approach to consultation and engagement is set out in Attachment A. Key features of the joint consultation process include:
 - public consultation will run from Wednesday, 28 February 2018 to 8pm Wednesday, 28 March 2018
 - feedback can be provided through written, in person and digital channels
 - HYS and Community Feedback events will be held across the region to allow Aucklanders to provide feedback and have their views heard. The HYS event schedule is detailed in Attachment B.
 - briefing reports will be prepared to provide a summary of public feedback received across all channels and will be publicly available
 - the council will participate in a joint deliberations meeting with the Tūpuna Maunga Authority on their Annual Operational Plan
 - a summary of the final decisions made for each plan will be prepared in July and widely communicated.

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

44. Local boards have been involved throughout the development of the draft Auckland Plan and the 10-year budget.
Auckland Plan
45. Local boards were involved in, and made a significant contribution to, the refresh of the Auckland Plan in 2017. This involvement included representation at all Planning Committee workshops, as well as considering Auckland Plan issues at local board workshops and formal business meetings.
10-year budget
46. Local board representatives were invited to briefings with Finance and Performance Committee between August and November 2017 which focused on key regional topics.
47. Local boards presented their advocacy: one local initiative on 2 November 2017 to the Finance and Performance Committee. Local board views on regional topics were presented to the joint Governing Body and Local Board Chairs meeting on 22 November 2017.
48. Local boards held workshops and meetings in November and December 2017 to adopt their priorities and key advocacy items for 2018/2019.
49. Content supporting the development of each local board agreement is set out in Section 2.6 of the Supporting Information. In addition, local board key priorities for 2018/2019 are listed in Part Two of the Consultation Document.

Tauākī whakaaweawe Māori / Māori impact statement

50. The 10-year budget and the draft Auckland Plan are of strong interest to Māori. Early engagement has taken place, and further engagement with mana whenua and mataawaka will occur during the consultation phase. This includes a regional Have Your Say event for mana whenua and a regional Have Your Say event for the mana whenua kaitiaki forum.
51. A feedback event will be held focusing on Tūpuna Maunga Authority draft operational plan (attended by Tūpuna Maunga Authority members including Councillors on the Tūpuna Maunga Authority board).

Ngā ritenga ā-pūtea / Financial implications

52. The 10-year Budget (LTP) is a statutory process which must be completed every three years. The council budget provides for the resourcing to deliver this project. The Auckland Plan refresh also was included in council budgets for the 2017/2018 financial year and combining the two consultation processes has enabled both projects to be delivered within the budgets provided.

Ngā raru tūpono / Risks

53. The 10-year Budget process delivers a LTP that enables the council to fund its ongoing operations and underpins key decisions. Not completing the 10-year Budget in accordance with statutory requirements has the potential to have a major impact on the ability to continue deliver the services and projects that Auckland needs.
54. There are many risks at each stage of the process which are being actively managed and are being overseen by the Audit and Risk Committee.
55. At this stage of the process the key risks are compliance and timing. The legal and audit reviews have focused on compliance. Approval of the Consultation Document and supporting information at this meeting will enable the timetable for consultation and subsequent decision-making to be met.

Ngā koringa ā-muri / Next steps

56. Following decisions today, all consultation material will be finalised for print and distributed to libraries, service centres, local board offices and made available online in time for the start of the consultation process on Wednesday 28 February 2018.
57. The key steps for finalising the Auckland Plan and the 10-year budget are set out below.

Auckland Plan

Table Two: Key steps to finalise the Auckland Plan 2050

Phase	Timing
Public consultation	28 Feb - 28 Mar
Planning Committee workshops - To consider briefing reports on the feedback received	3, 10 and 14 May
Planning Committee workshop - To consider the final plan	28 May
Planning Committee meeting - To agree the final Auckland Plan	5 June
Governing Body meeting - To adopt the Auckland Plan	28 June
Digital Auckland Plan is updated, Overview and translations are finalised and made available to the public	28 July
Close the loop activity	

10-year budget





58. A detailed review of the budgets for the 10 years will be undertaken from February to April 2018. This will include a review of the capital and operating budgets and take into account cost pressures, savings targets and any political resolutions with budget impacts. It will also include an update on planning assumptions for key items such as inflation and dividend expectations.
59. A briefing on the detailed budget following this process will be provided to combined Finance and Performance Committee and local board chairs at the 16-23 May workshops. This information, along with feedback from consultation, will inform final decision making for the 10-year Budget.

Table Three: Key steps to finalise the 10-year Budget

Phase	Timing
Public consultation	28 Feb - 28 Mar
Finance and Performance Committee briefing on consultation feedback	9 May
Finance and Performance Committee hold discussions with local boards	17 & 18 May
Finance and Performance Committee workshop decision making for the LTP	11 April 2, 16, 21, 22, 23 May
Finance and Performance Committee workshop on final decisions for the LTP	29 May
Finance and Performance Committee/Governing body make final decisions for the LTP	31 May
Audit and Risk Committee approve the process followed	TBC
Governing Body meet to adopt the final annual plan	27 June
Documentation will be published and made available to the public and information on the decisions made will be shared with people who participated in the consultation process.	July

Ngā tāpirihanga / Attachments

Item 12

No.	Title	Page
A 	Approach to consultation and engagement	63
B 	Have your say event schedule	67
C 	The 10-year Budget and Auckland Plan 2050 Consultation Document (<i>Will be circulated separately</i>)	
D 	The 10-year Budget Supporting Information (<i>Will be circulated separately</i>)	

Ngā kaihaina / Signatories

Authors	Tanya Stocks - Programme Director Kylie Evans - Programme Manager
Authorisers	Ross Tucker - Acting General Manager, Financial Strategy and Planning Matthew Walker - Acting Group Chief Financial Officer Jim Quinn - Chief of Strategy Stephen Town - Chief Executive

Approach to consultation and engagement

Objectives

1. Deliver high quality, representative feedback to inform decision making on the 10 year budget and Auckland Plan building on experience of past consultations
2. Grow trust and confidence in council by delivering a consultation where Aucklanders
 - Are aware of the consultation
 - Feel they had an opportunity to have a say
 - Found it easy to have a say
 - Know the outcome and how it is relevant to them
 - Understand that the council has a plan and are confident Auckland knows where it's going
3. Staff and elected members are briefed and trained to support engagement
4. There are three key phases to the consultation and engagement process:
 - Phase One: Pre-consultation
 - Phase Two: Consultation, analysis and reporting
 - Phase Three: Closing the loop

Phase One: Pre-consultation

5. Collaborate with identified community partners /stakeholders to increase reach and mobilise targeted communities and specific segments e.g. Chinese New Settlers Services Trust, Ranui 135, Auckland Regional Migrant Services
6. Ensure council presence at key community events over summer to raise awareness e.g. Movies in Parks, Big Gay Out
7. Raise awareness among approximately 27,000 Peoples Panellists
8. Develop training and briefing programme for staff and elected members who will be involved in engagement across council including libraries, service centre and call centre staff, local boards services and volunteers at engagement events.

Phase Two: Consultation, analysis and reporting

9. A March 'have your say' campaign supported by:
 - Council and CCO channels – March edition of Our Auckland print and online, social media, Auckland Conversations, CCO real estate e.g. train stations, local board-led stories
 - paid promotional campaign to build broad awareness
 - proactive media relations

- Targeted community engagement to ensure feedback represents all Aucklanders
10. Digital and face-to-face led engagement, but wide accessibility for those who prefer print.
11. Akhaveyoursay.nz (hosted by the Auckland Council website) will act as the engagement hub for the 10-year budget and the Auckland Plan.. The campaign and communications activities will raise awareness and point people to the website for more information.
12. To ensure accessibility, information will be available online and in hard copy in the following languages/formats: Māori, Simplified Chinese, Korean, Tongan, Samoan, NZSL and Easy Read, accessible pdfs and Word documents for screen readers. Feedback forms will also be available in these languages/formats.
13. Feedback forms can be submitted via freepost, email or completed online
14. Hard copies of all documents will be available in libraries, local board offices, service centres and on request.
15. Public feedback will also be collected at Have Your Say and community feedback events scheduled from 28 February 2018. The primary purpose of these is for council staff and elected members to listen to the views of Aucklanders. Staff will ensure public feedback is accurately recorded. Have Your Say events were a successful avenue for raising awareness and gathering feedback during consultation on the LTP 2015- 2025 and the Annual Budget 2018. Some events will target certain communities as outlined below.
16. Have Your Say events are planned to take place across the region, made up of the following Additional events may be scheduled. See Attachment B for a schedule of all events and event type definitions) :
- Approximately 26 Have Your Say meetings across local board areas. These will take place in the following three formats: round table, town hall or hearing style.
 - Approximately 35 community feedback events. These will take place as drop in sessions or roadshows at libraries, local board offices or existing events.
 - Four regional stakeholder events will be held in a traditional hearing style in the Auckland Town Hall. These will be with listed regional stakeholders, infrastructure stakeholders, transport stakeholders and central government stakeholders.
 - Two fonos tailored for our Pasifika community – one held in South Auckland, one in West Auckland
 - One hui with Southern Māori communities
 - Two mana whenua events with the combined Finance and Performance and Planning Committees
 - Advisory panel led event – organised by the Seniors Panel.
17. In addition, one event (not classified as Have Your Say) will be held to focus on the Tūpuna Maunga Authority draft operational plan. This will be attended by Tūpuna Maunga Authority members including the Councillors on the authority board.

18. A further four large scale existing regional events (e.g. Pasifika, Lantern Festival) will be attended not only to raise awareness but also to collect feedback.
19. Two Auckland Conversations events will be held during the consultation period to discuss Transport and Environment themes which are central to the 10-year Budget and Auckland Plan. Feedback will be gathered as well.
20. A range of formats are available for the structure and format of the Have Your Say events – see Attachment B. This flexibility will enable events to be tailored to account for logistical variations in the number of Aucklanders who attend, what they would like to talk about and the number and mix of elected members available. At events, where possible, we will capture people's contact details so we can contact them to advise of the decisions made.
21. Additional community feedback events may be set up by some local boards to support more tailored engagement on local issues in local board agreements. These will be supported by the Local Board Services department and will tend to focus on ongoing local engagement within the community on local priorities. Public feedback may be recorded at these events.
22. Public feedback will be collected and processed from all channels:
 - Written feedback will be received through feedback forms (online and hard copy), emails, letters, proformas etc and will be processed through the feedback management system
 - Feedback from events will be collected by trained notetakers and processed through the feedback management system
 - Feedback received from digital/social media will be collected and analysed by the social media team from the Communications and Engagement department.
23. Feedback from all channels will be analysed by a senior staff member responsible for a particular regional theme or local board. Briefing reports will be developed providing a summary of the feedback received across each channel through consultation. Feedback received on topics not related to the consultation items will be forwarded on to the appropriate department for follow-up action.
24. An independently commissioned quantitative survey will be also be conducted for the 10-year budget with a statistically representative sample of Aucklanders that aligns with the demographic profile of Auckland.

Phase Three: Closing the loop

25. The Council will ensure people who provided their views have access to a clear description of the decisions made, with explanatory material. We plan to provide this information on the Council website and then communicate this by:
 - Emailing people who have participated in the process and provided their contact details
 - OurAuckland and Council digital and social channels
 - Print and online advertising
26. Following consultation an event or number of events to close the loop with key stakeholders, Maori groups, community partners and mana whenua will be determined given the level of interest.

Mon 26 Feb	Tues 27 Feb	Wed 28 Feb	Thurs 1 March	Fri 2 March	Sat 3 March	Sun 4 March	
		Auckland Conversations: 10-year Budget & 30- year Plan: Transport 4- 7pm @ Lower NZI, Aotea Centre.		Lantern Festival @ Auckland Domain 4-9pm	Lantern Festival @ Auckland Domain 4-9pm	Lantern Festival @ Auckland Domain 4-9pm	Events confirmed
		ARMS: Community Leaders Engagement Forum, ARMS office Three Kings			Ōrākei LB Drop-in @ Ōrākei Bay Village 11am-1pm	Kaipātiki LB Existing Families in Parks @ Monarch Park, Hillcrest Centre 3-4pm	Local Board Events
					Ōrākei LB Drop-in @ Meadowbank Shopping Centre 3-5pm		Regional Stakeholder Events/Political
					Howick LB Existing Event Botany Community Day @ Botany Centre 10-3pm		Fono
					Devonport/Takapuna LB Drop- in @ Belmont School Fair TBA		Community partner run
					Papakura LB Drop-in @ Takanini Village 10am - 12pm		Caitlin's new Māori events - req SMEs
					Upper Harbour Existing Movies in the Park @ Rosedale Park 7-8pm		
					Franklin LB @ Pukekohe Market 8am-12noon		
Mon 5 March	Tues 6 March	Wed 7 March	Thurs 8 March	Fri 9 March	Sat 10 March	Sun 11 March	
Pacific Fono (West) Western Springs Garden Hall 4-9pm	Waiheke LB Roundtable HYS @ 10 Belgium Street 5:30pm - 7:30pm	Ōrākei LB Drop-in @ St Heliers Library 11am- 1pm	Waitematā LB HYS (Town Hall style) @ Grey Lynn Library Hall 6pm-8pm		Kumeu Show @ Kumeu Showgrounds 8:30am-5pm	Kumeu Show @ Kumeu Showgrounds 8:30am-5pm	
	Māngere-Ōtāhuhu LB, HYS Roundtable @ Ōtāhuhu Town Hall 6-8pm	Rodney LB HYS Roundtable @ Helensville War Memorial Hall 6:30pm	Franklin LB, HYS Roundtable @ Waiuku Service Centre 4- 7pm		Ōrākei LB Drop-in @ Eastridge Shopping Centre 1-3pm	Franklin LB Existing Event @ Clevedon Market 8:30am- 1pm	
	Henderson-Massey LB Drop-in @ Massey Library 5pm	F&P/Planning committee 2.30 – 5.00pm Infrastructure provider HYS @ council chambers or reception lounge	Upper Harbour LB HYS Roundtable @ Upper Harbour Local Board Office 6:30-8:30pm		Māngere-Ōtāhuhu LB Drop in Session, Māngere Town Centre 10am-12pm	Kaipātiki LB Existing Event @ Beach Haven Fun Run Shepherds Park Beach Haven 10am-12noon	

Attachment B

[illegible]

Attachment B

Attachment B

					Kaipātiki LB Existing Event @ EcoFest North 5:30-8pm			
					Henderson-Massey LB Drop-in @ Te Atatu Peninsula Library 5pm			
					Maungakiekie-Tāmaki LB Drop in @ Te Oro, Glen Innes 6-8pm			
					Wellbeing Trust Chinese/Korean Community Engagement @ Anzac Room, Mt Roskill War Memorial Hall 10-12			
Mon 26 March	Tues 27 March	Wed 28 March	Thurs 29 March	Fri 30 March	Sat 31 March	Sun 1 April		
Franklin LB Drop-in @ Drury Hall 4-7pm	Manurewa LB Drop-in @ Te Matariki Clendon Community Centre 10am-12noon	Howick LB HYS Hearing Style Howick LB Meeting Room 6-8pm		Public Holiday				
Otara-Papatoetoe LB Drop-in @ Kolmar Papatoetoe 6-8pm	Kaipātiki LB HYS Roundtable @ Northcote Citizens Centre 5:30-8pm	Papakura LB HYS Hearing Style @ Papakura Local Board Office 10am - 1pm						
Pacific Fono (South) Civic Manukau (Manukau Room), 33 Manukau Station Rd, Manukau 4-9pm	F&P/Planning Committee Workshop Regional Stakeholder Session (full day) @ Reception Lounge/Council Chambers							