

Auckland Regional Amenities

Funding Board

I hereby give notice that an ordinary meeting of the Auckland Regional Amenities Funding Board will be held on:

Date: Tuesday, 9 July 2019

Time: 10:00AM

Venue: Meeting Room
Buddle Findlay
Level 18
PwC Tower
188 Quay Street
Auckland 1010

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

OPEN AGENDA

Membership:

Chair	Ms	Anita	Killeen
Deputy Chair	Ms	Catherine	Harland
Members:	Ms	Paula	Browning
	Ms	Victoria	Carter
	Ms	Precious	Clark
	Ms	Lyn	Lim
	Ms	Megan	McSweeney
	Mr	Bryan	Mogridge
	Mr	Scott	Pearson
	Mr	Vern	Walsh

Leigh Redshaw
Advisory Officer

Email: arafb.info@gmail.com

Mobile: +64 (0) 274 739 187

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AUCKLAND REGIONAL AMENITIES FUNDING BOARD

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 Chair is final.

Members of the meeting

- The members of the meeting remain.
- However, standing orders require that a member who has a pecuniary conflict of interest leave the room.

Staff / Advisory Officer

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

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

MEETING DATES 2019

Based on the known work programme the following timetable of meetings is proposed for 2019, subject to change as the need arises:

Most meetings will commence at **10:00AM**, unless agreed otherwise.

	2019	Meeting / Workshop	Nature of Key Business
Tuesday	9 July 2019	Meeting	<ul style="list-style-type: none"> • Funding Board normal meeting
Tuesday	3 Sept 2019	Workshop	<ul style="list-style-type: none"> • Funding Board receives Amenity presentations for 2020-2021
Monday	30 Sep 2019		<ul style="list-style-type: none"> • Closing date for 2020-2021 Funding Applications
Monday	30 Sep 2019		<ul style="list-style-type: none"> • 2019 Annual Reports and Audited Accounts due from Specified Amenities
Tuesday	8 Oct 2019	Workshop	<ul style="list-style-type: none"> • Funding Board considers 2020-2021 Funding Applications for first time
Tuesday	22 Oct 2019	Workshop	<ul style="list-style-type: none"> • Amenities present their 2018-2019 Annual Results
Tuesday	12 Nov 2019	Workshop & Meeting	<ul style="list-style-type: none"> • Funding Board considers any further information supplied following meeting on 8 Oct 2019 (Workshop) • Funding Board makes provisional allocation of grants for 2020-2021 for inclusion in draft 2020-2021 Funding Plan (Meeting)
	12-25 Nov 2019		<ul style="list-style-type: none"> • Chair meets AKL Council reps to discuss proposed levy for 2020-2021
Tuesday	26 Nov 2019	Meeting	<ul style="list-style-type: none"> • Adopt 2019 Annual Report (must be done by 30 Nov 2019) • Confirm provisional allocation of grants for 2020-2021; Approve draft 2020-2021 Funding Plan for publication in January 2020
	10 Jan 2020		<ul style="list-style-type: none"> • Publish draft 2020-2021 Funding Plan

DECLARATIONS OF CONFLICT OF INTEREST

Funding Board Directors are reminded of their obligation to maintain a clear separation between their personal interests and their duties as an appointed member of the Funding Board.

Directors should therefore be vigilant to stand aside from decision making when a conflict (or a perceived conflict) arises between their role as a Director and any private or other external (either pecuniary or non-pecuniary) interest they may have.

Any interests should be declared at the commencement of consideration of any item on this agenda and the member concerned abstain from voting or discussion on the item, or leave the room for the duration of its consideration.

1. APOLOGIES

At the close of the agenda, apologies have been received from Victoria Carter, Lyn Lim and Precious Clark for leave.

2. CONFIRMATION OF MINUTES

The ordinary minutes of the meeting of the Auckland Regional Amenities Funding Board held on 1 April 2019, including the confidential section, be confirmed as a true and correct record.

3. 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.”

4. REGISTER OF MEMBERS INTERESTS

Opportunity for members to update the Register of Members Interest.

Recommendation

That the Register of Members Interest be updated as required.

The Register will also be tabled at the meeting for members to update as required.

(ATTACHMENT 4)

5. PUBLIC FORUM

Applications to speak must be made to the Advisory Officer, in writing, no later than two (2) working days prior to the meeting and must include the subject matter. The meeting Chair has the discretion to decline any application. A maximum of thirty (30) minutes is allocated to the period for public input with five (5) minutes speaking time for each speaker, following which there may be questions from Directors

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

6. REPORT FROM AMENITIES BOARD

If requested, an opportunity for representatives of the Amenities Board, to provide the Funding Board with a verbal update on matters relating to and affecting the Amenities Board.

At the close of the agenda no requests to speak had been received from representatives of the Amenities Board.

7. NOTICES OF MOTION

At the close of the agenda no requests for notices of motion had been received.

8. CHAIR'S REPORT

Providing the Chair with the opportunity to update the Funding Board on any issues

relating to the business of the Funding Board that she has been involved with since the last meeting.

This is an information item only.

9. MEMBERS ACTIVITIES WITH SPECIFIED AMENITIES AND BOARD MEMBERS REPORTS

Providing Funding Board members with the opportunity to update the Board on projects and issues they have been involved with relating to the business of the Funding Board and provide the Board with a verbal update on recent interactions with the specified amenities since the last meeting.

A register to record member activities will be circulated at the meeting.

This is an information item only.

10. ADVISORY OFFICER'S REPORT

Providing the Advisory Officer with the opportunity to update the Board on projects and issues he has been involved with relating to the business of the Funding Board not covered elsewhere in the agenda since the last meeting.

This is an information item only.

11. FINANCIAL REPORT TO 30 JUNE 2019

Providing the Funding Board with an overview of financial position of the Funding Board as at 30 June 2019, and any other matters of a financial nature.

Recommendation

That the Financial Reports to 30 June 2019 be received.

(ATTACHMENT 11)

12. CORRESPONDENCE

Providing the Chair and Advisory Officer with the opportunity to update the Board with details of any inwards and outwards correspondence handled since the last meeting.

Recommendation

That the Correspondence report be received.

(ATTACHMENT 12)

13. SUSTAINABILITY FRAMEWORK

During 2016 the Funding Board adopted its Sustainability Framework for members to use when assessing funding applications from Specified Amenities. As the 2020-2021 funding round will commence in September 2019 this is intended as a reminder to board members of purpose of the framework ahead of working through the 2020-2021 funding applications.

(ATTACHMENT 13)

14. EXCLUSION OF THE PUBLIC: LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

Leigh Redshaw
Advisory Officer

Section 48, Local Government Official Information and Meetings Act 1987:

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting.

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

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

C1 NEW ZEALAND OPERA

Reason for passing this resolution in relation to each matter:	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	Section 7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Public conduct of matter would be likely to result in disclosure of information for which good reason to withhold exists under section 7.

C2 MEETING TIMETABLE – 2019 and 2020

Reason for passing this resolution in relation to each matter:	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>Section 7(2)(h)</p> <p>Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p>Section 7(2)(i)</p> <p>The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	Public conduct of matter would be likely to result in disclosure of information for which good reason to withhold exists under section 7.

C3 APO REVIEW WORKING PARTY

Reason for passing this resolution in relation to each matter:	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>Section 7(2)(b)(ii)</p> <p>The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>Section 7(2)(h)</p> <p>Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p>Section 7(2)(i)</p> <p>The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	Public conduct of matter would be likely to result in disclosure of information for which good reason to withhold exists under section 7.

C4 SUSTAINABILITY FRAMEWORK

Reason for passing this resolution in relation to each matter:	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>Section 7(2)(b)(ii)</p> <p>The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p>	Public conduct of matter would be likely to result in disclosure of information for which good reason to withhold exists under section 7.

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

REGISTER OF MEMBERS INTERESTS –

Last Reviewed & Updated 01 April 2019

General Disclosure. To be regarded as interested in any transaction with:

Name of Member	Particulars of Interest
Vern Walsh	<ul style="list-style-type: none"> • Director– Meeting and Governance Solutions Ltd – works with Auckland Council Past Professional Appointments / Memberships • Auckland City Councillor, and Chair of Finance Committee • Director – The Edge • Board member - Auckland Zoo Board • Member - Auckland Zoological Society • Director – MOTAT Board • Ordinary member – Coastguard Northern Region • Friend of the Auckland Festival
Victoria Carter	<ul style="list-style-type: none"> • Director Tax Management NZ • Deputy Chair NZ Thoroughbred Racing • Director Camben Investments Ltd • Director Camben Farms Limited • Director Carter & Partners No 11 High St • Director Carter Bloodstock Ltd • Director Davies-Booth Assoc • President Northern Club • Patron Auckland Arts Festival • Mentor: University of Auckland Business School Icehouse programme • Fellow Institute of Directors Past Professional Appointments • Chair Pacific Island Cultural Centre feasibility study • Former Chair Auckland Arts Festival (resigned 2015) • Director Turners Auctions • Director Best Start Educare, formerly Kidicorp Ltd • Director & Acting Chair JUCY Group • Director Aotea Board of Management • Director Auckland Racing Club • Director Kindergarten NZ • President Auckland Kindergarten Assoc • Director Cassino Investments • Director VCB Investments • Councillor Auckland City Council, Past Chair of City Attractions • Director Auckland Philharmonia • Deputy Chair Tourism Auckland • Deputy Chair Trustee Auckland Energy Consumer Trust • Patron Silo Theatre

ATTACHMENT 4

<p>Catherine Harland (Dep Chair)</p>	<ul style="list-style-type: none"> • Chartered Fellow Institute of Directors • Independent Chair - Aircraft Noise Community Consultative Group • Director, Watercare Services Ltd • Director, McHar Investments Ltd • Director, Interface Partners Ltd • Trustee, One Tree Hill Jubilee Educational Trust • Justice of the Peace <p>Past Professional Appointments:</p> <ul style="list-style-type: none"> • Trustee and Past Chair: Auckland Observatory & Planetarium Trust (Stardome Observatory) • Councillor, Auckland Regional Council • Councillor, Auckland City Council • Former Consultant, Martin Jenkins & Associates Ltd
<p>Anita Killeen (Chair)</p>	<ul style="list-style-type: none"> • Director, Ngai Tai Ki Tamaki Commercial Board. • Panel Member, Commission for Financial Capability Adjudication Panel. • Deputy Chair, Auckland Regional Amenities Funding Board • Director of UNICEF New Zealand • Director of SPCA Auckland • Chair, The Pro Bono Panel of Prosecutors for the SPCA Auckland • Chair and National President, Fertility New Zealand • Trustee of the Ex-Vietnam Service Assn (Neville Wallace Memorial) Children's and Grandchildren's Trust • Mediation Panel Member, Financial Services Complaints Ltd • Panel Member, New Zealand Law Society Litigation Skills Programme • Panel Member, New Zealand Law Society Costs Assessor • International Associate Member, American Bar Association Animal Law Committee • New Zealand Member, International Association of Prosecutors • External Moderator and Standards Assessor for the Institute of Professional Legal Studies • Patron – Auckland Theatre Company • Patron – Silo Theatre Auckland • Tribunal Member, Engineering NZ Disciplinary Tribunal <p>Past Professional Appointments</p> <ul style="list-style-type: none"> • Visiting Justice Northern Prisons • Tribunal Member, New Zealand Legal Aid Tribunal • Advisory Board Member of New Zealand Career College Member, Organised and Financial Crime New Zealand (OFCANZ) Policy Action Group • Member, Chief Legal Advisors' Forum NZ • Executive Committee member, Auckland District Law Society's Criminal Law Committee • Executive Committee Member, Auckland Women Lawyers' Association
<p>Precious Clark</p>	<ul style="list-style-type: none"> • Ngati Whatua o Orakei Trust Board, director • Ngati Whatua Whai Rawa Ltd, director • Foundation North, Trustee • Maurea Consulting Ltd, director

	<ul style="list-style-type: none"> • Auckland Museum Taumata a Iwi, chair <p>Past Professional Appointments</p> <ul style="list-style-type: none"> • Director of Centre for Social Impact • Member of the Independent Maori Statutory Board
Lyn Lim	<ul style="list-style-type: none"> • ASB Community Trust Ltd – Director • Asia New Zealand Foundation – Trustee • AUT – Council Member • Eva Fong Urology Ltd – Shareholder • FH Holdings Ltd – Director and Shareholder • FH Nominees Ltd – Director and Shareholder • Forest Administration Ltd – Director and Shareholder • Foundation North - Trustee • Foundation North Grants Ltd – Director • Hartajaya Investments Ltd – Director and Shareholder • Kaya Investments Ltd – Director and Shareholder • General Capital Ltd – Director • Onesixone Medical Group Ltd – Shareholder • Chartered Member: Institute of Directors • Member: NZ Law Society <p>Past Professional Appointments:</p> <ul style="list-style-type: none"> • Director: Public Trust • Deputy Chair and Director: Centre for Social Impact NZ Ltd • Director: Durham Services Limited • Director - NZ Shareholders Association • Trustee NZ Chinese Youth Trust • Director - FH Shortland Ltd; FM International Ltd • Board member - ANZ Private Bank External Advisory Board • Council member - Auckland District Law Society • member - Auckland District Law Society committees – (various) • executive member - HKNZBA, NZCTA • Director: Seven Trust Ltd • Member: NZ Asian Leaders • Director: Renaissance Forex Limited • Director: Max Cai Trustee Ltd
Megan McSweeney	<ul style="list-style-type: none"> • CINZ (Conference’s Incentives New Zealand), Board Member • Director of Business, External, Affairs, Tourism & Sales Auckland War Memorial Museum <p>Former Memberships:</p> <ul style="list-style-type: none"> • TIANZ (Tourism Industry Aotearoa), Board Member
Bryan Mogridge	<ul style="list-style-type: none"> • Director and Shareholder Mainfreight Ltd (NZX Listed) • Director Centum Rakon India Ltd • Director and Shareholder Clearspan Property Ltd • Director and Shareholder FTTX Global Ltd • Director and Shareholder Mogridge and Associates Ltd • Trustee: The Energy Education Trust • Trustee: The Starship Foundation

	<ul style="list-style-type: none"> • Director BUPA ANZ Ltd (Australia) • Director and Shareholder Adherium Ltd (ASX listed) • Director and Shareholder Thinextra Pty Ltd (Australia) • Trustee, Massey University Foundation • Director – Sea Dragon Ltd (NZX) <p>Former Memberships:</p> <ul style="list-style-type: none"> • Director Rakon Ltd (NZX Listed)
Scott Pearson	<p>Memberships</p> <ul style="list-style-type: none"> • Institute of Directors - MInstD • Chartered Accountants Australia New Zealand – CA • CPA Australia – FCPA • Association of Certified Fraud Examiners – CFE • Trustee – Selwyn College • Commissioner – NZ Gambling Commission <p>Director/Shareholder</p> <ul style="list-style-type: none"> • Repromed Auckland Limited, Deputy Chairman and shareholder • Mpro Consulting, Director and shareholder
Paula Browning	<p>Memberships</p> <ul style="list-style-type: none"> • Chair - WeCreate Incorporated • Chartered Member - Institute of Directors <p>Former:</p> <ul style="list-style-type: none"> • Chair - Northern Regional Advisory Committee, NZ Community Trust

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

ATTACHMENT 11

Memo

1 July 2019

To: Auckland Regional Amenities Funding Board Directors

From: Leigh Redshaw, Advisory Officer

Subject: **Financial Report to 30 June 2019**

ARAFB - General

1. A copy of the Balance Sheet and Profit and Loss account to 30 June 2019 are attached. Interest receipts for 2018-2019 are down considerably compared to previous years and reflects the current low interest environment that is prevailing.
2. The provisional net surplus for the year ended 30 June 2019 is \$131,867.
3. Term deposits matured in June 2019 in time to meet all financial obligations as at 30 June 2019.
4. Discussions were held with Auckland Council personnel to reconcile the honorarium payments for the year ended 30 June 2019. Auckland Council was fully reimbursed on 28 June 2019.
5. Invoices were issued for the 2019-2020 levy due from Auckland Council on 1 July 2019. The bulk of the levy was subsequently received in full on 1 July. Auckland Council paid the administration component of the 2019-2020 net of GST, resulting in an underpayment of \$51,000. At the date of the agenda, discussions were continuing with Auckland Council to ensure the remaining funds were paid in full in a timely manner.
6. Funds not immediately needed by the board have been placed on term deposit with the ASB Bank, scheduled to mature when it is anticipated they will be required (e.g. distributing grants, paying GST etc).
7. Work continues to ensure readiness for the 2018-2019 audit and continued compliance with new reporting requirements adopted by the Funding Board in 2015 as a "Tier Two" entity under the definitions of a Public Benefit Entity.
8. On instruction from the board, Auckland Council has updated honorarium payments with effective from 1 July 2019 and changed the records for the changes of Chair and Deputy Chair roles.

Quarterly Reports to 30 June 2019

9. Quarterly reports to 30 June 2019 are due from the amenities by 31 July. These will be collated and circulated to board members under separate cover once they are available.

Amenities Annual Reports to 30 June 2019

10. Letters were sent to the CEO's of all amenities in June 2019 reminding them of the annual financial and general reporting requirements of the Act. Annual Reports with accompanying audited financial statements must be provided by 30 September 2019.

Amenities Board – Amending Legislation

11. The Amenities Board advises that the Notice of Intent and the amending Bill will be published and promoted in Parliament shortly. A draft of the proposed bill has recently been available from the offices of each Specified Amenity. The Amenities Board circulated the notices etc to Maori MP's in the Auckland region at the end of May. As the 14-day notice period has elapsed, the Amenities Board will seek to have the bill introduced soon so that it can commence the Select Committee stages in the near future.

Bank Signatories

12. The process has commenced to add Catherine Harland as a signatory to the bank account.

2010-2021 Funding Applications

13. Letters have been sent to all Specified Amenities outlining details of the 2020-2021 funding application process. Applications are due by 5PM on 30 September 2019.

A R A F B				
Balance Sheet				
As of 30 June 2019				
Assets				
Current Assets				
Cheque Account		\$506,289.26		
Total Cash On Hand		\$506,289.26		
Total Current Assets		\$506,289.26		
Fixed Assets				
Office Equipment				
Computer Equipment at Cost		\$4,635.00		
Computer Equipment Accum Dep		(\$4,635.00)		
Total Office Equipment		\$0.00		
Total Fixed Assets		\$0.00		
Total Assets		\$506,289.26		
Liabilities				
Current Liabilities				
Creditors		\$1,233.32		
GST				
GST Collected		\$477,425.07		
GST Paid		(\$258,834.18)		
GST Payments/Refunds		(\$221,137.04)		
Total GST		(\$2,546.15)		
Total Current Liabilities		(\$1,312.83)		
Total Liabilities		(\$1,312.83)		
Net Assets		\$507,602.09		
Equity				
Retained Earnings		\$375,735.40		
Current Year Earnings		\$131,866.69		
Total Equity		\$507,602.09		

A R A F B			
Profit & Loss Statement			
1 July 2018 to 30 June 2019			
Income			
Levy - Non GST Portion		\$14,287,000.00	
Levy - ARAFB Admin Fee GST		\$315,000.00	
Total Income		\$14,602,000.00	
Gross Profit			
		\$14,602,000.00	
Expenses			
Advertising		\$1,723.27	
Advisory Officer/Admin Charge		\$56,781.25	
Depreciation		\$36.16	
Dues & Subscriptions		\$2,248.43	
Grants to Amenities No GST		\$14,287,000.00	
Legal Fees		\$553.50	
Consultants		\$2,160.00	
Meeting Expenses		\$259.57	
Honorariums		\$173,480.81	
Training		\$800.00	
Staff Amenities		\$65.22	
Travel		\$582.96	
Parking Charges		\$1,236.52	
Bank Fees		\$381.75	
Total Expenses		\$14,527,309.44	
Operating Profit			
		\$74,690.56	
Other Income			
Interest Income		\$57,176.13	
Total Other Income		\$57,176.13	
Net Profit/(Loss)			
		\$131,866.69	

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

ATTACHMENT 12

Memo

1 July 2019

To: Chair and Directors Auckland Regional Amenities Funding Board

From: Leigh Redshaw, Advisory Officer

Subject: **Correspondence**

Inwards			
Amenities Board	5 April	email	Advising of progress of the amendment bill.
NZ Opera	8 April	email	Advising of change of Chair at NZO
ATC	29 April	email	Advising of the appointment of Jonathan Bielski as the new CEO of ATC wef 22 July 2019
Outwards			
All amenities, Auckland Council	2 April and 10 April	Email and letters	2019-2020 Funding Plan, 2019-2020 Levy Requirements
All amenities	June 2019	Email and letters	2020-2021 Funding application process. 2019 Annual Report requirements.

Other correspondence has been administrative in nature, i.e. advice notices from the ASB Bank, IRD, invitations to workshops (e.g. Charities), placing adverts with the NZ Herald.

Following the meeting on 1 April, a series of letters will be sent to Auckland Council and the specified amenities confirming the levy and grants for 2019-2020 and distributing the 2019-2020 Funding Plan.

AUCKLAND REGIONAL AMENITIES FUNDING BOARD

ATTACHMENT 13

Memo

01 July 2019

To: Auckland Regional Amenities Funding Board Directors

From: Leigh Redshaw, Advisory Officer

Subject: **Sustainability Framework**

1. In 2016 the Funding Board established the Sustainability Framework for members to use as the basis for assessing annual funding applications from the Specified Amenities.
2. As there are a number of new board members and ahead of the 2020-2021 funding application process starting, it is considered appropriate that the entire board is re-acquainted with the framework that was developed.
3. This is an opportunity for all members to become familiar with the framework to ensure there is a consistent approach used when assessing each funding application.

Sustainability Framework: A Guide for Funding Specified Amenities

The first purpose of the Auckland Regional Amenities Funding Act is...¹

“to establish a mechanism to provide adequate, **sustainable**², and secure funding for specified amenities that, by providing arts, education, rescue, or community facilities for or services to the Auckland region,—

- (a) contribute to the well-being of the region; and
- (b) contribute towards making Auckland a vibrant and attractive place to live in and visit.”

What sustainability means in the context of the Act, how it is substantiated and the information required to determine sustainability for each Amenity are the core challenges the framework is required to address.³

Defining Sustainability

At its simplest, sustainability can be defined as the “ability to maintain or support an activity or process over the long term”⁴ or in the case of not-for-profits, “reliable and repeatable revenue that covers the full cost of your enterprise and aligns with your mission.”⁵

Each of the Specified Amenities exist to make a distinctive difference in the

lives of individuals and in society. Delivering that difference or core mission in the Auckland region, involves each Amenity balancing what it can do with what it can sustain in all facets of its operation. Services need to be fit for the times so continuous assessment, decision making and dynamic adjustment to each Amenity’s context is required⁶. And fundamental to each Amenity’s effectiveness and longevity, is financial sustainability.

Financially sustainability is an organisation’s capacity to obtain **revenues** (grants or otherwise) in response to a demand, in order to sustain **productive processes** (projects) at a steady or growing rate in order to produce **results** (accomplish the mission, goals, or objectives) and obtain a **surplus**.⁷

It involves meeting current financial obligations, withstanding shocks, maintaining service, debt and commitment levels at reasonable levels relative to both community expectations and likely future income, while maintaining public confidence.⁸

Sustainability can also be viewed as an orientation or direction, rather than as a destination. What is sustainable today may be unsustainable tomorrow - there is never a mix of programmes and revenue streams that will deliver

¹ s3(1) Auckland Regional Amenities Funding Act 2008

² Emphasis added

³ Finance and Performance Committee Agenda, Item 9 (2015, Sep 17) ‘Auckland Regional Amenities Funding Act (ARAF) Funding Model Review - Evaluation Report’, p.9, para 5

⁴ Business Dictionary <http://www.businessdictionary.com/definition/sustainability.html>

⁵ Kristin Giantris (2013, Jun 17), presentation at the ‘Financial Models: Achieving Sustainability at Scale’ session of the 2013 Symposium on Scaling Social Impact, in New York City, quoted by Vanessa Wilkins in her blog post at <https://www.philanthropyworks.org/seven-lessons-nonprofits-financial-sustainability>

⁶ Amenities Board (2016, Aug 29) ‘Sustainability: A collective goal, inclusive of individual requirements’, p.2

⁷ Patricia León (2001) ‘Four Pillars of Financial Sustainability’, The Nature Conservancy, Resources for Success Series Volume 2, pp.11&13

⁸ Definition is an adaption from that within, Bruce Anderson (2013, May) ‘Public Sector Financial Sustainability Discussion Paper’, Office of the Auditor General, Wellington, p.8

permanent sustainability.⁹ Rather the “compass is constantly being calibrated to ‘the right direction’.”¹⁰

*Kaua e hangai he ture
I pera I te kupenga ika he here hopo
Engari I pera me te nekeneke
tai he apahi*

*We should not create policies
that are like the fishing net
that snares and strangles,
but like the surging tide
that uplifts and carries forward*

Whakatauākī, Māori Proverb¹¹



Sustainability Made Real

Not-for-profit sustainability at the broadest level can be viewed in a myriad of ways. We know that sustainability is much more than revenue – a guaranteed flow of grants, contributions and endowment returns will not remove all financial and organisational worries. Not-for-profits much sustain their work in many ways to remain vital and relevant in the community. It can mean integrating three key aspects: (1) **Impact** - Doing great work that results in progress for an organisation’s mission; (2) **Business Model** - Making the business work by understanding and adjusting four components – revenue mix, programme costs, infrastructure, and capital structure; and

⁹ Jeanne Bell, Jan Masoaka & Steve Zimmerman ‘Deconstructing Sustainability’, Finance & Strategy Feature Article retrieved 25/11/16 from <http://blueavocado.org/content/deconstructing-sustainability>

¹⁰ Amenities Board, *op. cit.*, p.2

¹¹ *Ibid.*, p.1

(3) **Adaptability** - Capacity to change and adapt, seek feedback to remain fresh, vital, relevant and healthy.¹²

Sustainability can “include the concepts of financial sustainability, as well as leadership succession planning, adaptability, and strategic planning.”¹³ It can mean delivering outcomes measured against a triple or quadruple bottom line - social, environmental, economic and cultural.

When reviewing annual funding applications, the ARAFB is required under the Act to consider whether each Amenity complies with a series of criteria (s14) and funding principles (s23). Those criteria and principles can also be seen to reflect components of sustainability.

So how within the context of the Auckland Regional Amenities Funding Act, is sustainability and in particular financial sustainability, interpreted and assessed for each Amenity?

Noting all the above, a broad framework for sustainability is set out in Figure 1 overleaf.

¹² Kate Barr (2012, Nov 28) ‘Balancing the Mission Checkbook’ and ‘Transforming Nonprofit Business Models’ in Financial Strategy and Business Models. Retrieved 27/11/16 from <https://nonprofitsassistancefund.org/blog/2012/11/sustainability-not-myth-but-not-what-you-may-think>

¹³ National Council of Nonprofits, ‘Nonprofit Sustainability’ Retrieved 25/11/16 from <https://www.councilofnonprofits.org/tools-resources/nonprofit-sustainability>

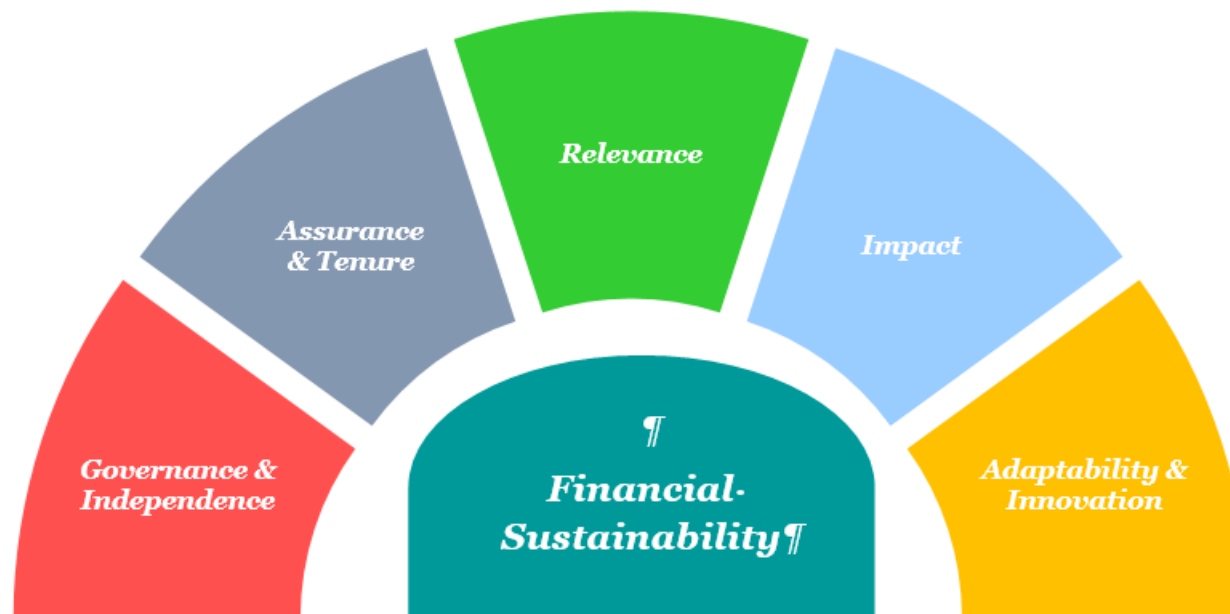
At its core and underpinning all other components is **financial sustainability**: effective financial and strategic planning, diverse income streams (external and internal funding) and sound financial administration.¹⁴ However, for an Amenity to be sustainable other elements or building blocks are required.

- Stable, effective leadership, **governance** and management is required;
- **Assurance** of on-going support for services is needed, along with;
- Community demand for valued services that are **relevant**, and;
- Have **impact**: An Amenity's services align strongly with its core mission; demonstrate excellence in delivery; have a broad reach or deeply impact a smaller number of individuals; fill an important gap in the community; illustrate strong community building; or increase the impact of other programmes in the organisation or community¹⁵, and;
- To avoid crises or failure, an Amenity needs to dynamically respond to (and not resist) changes in the environment - **adapting and innovating**.

¹⁴ Ibid Patricia León (2001) p.15

¹⁵ Lisa M. Sontag-Padill, Lynette Staplefoote & Kristy Gonzalez Morganti (2012) *Financial Sustainability in Nonprofit Organizations: A Review of the Literature*, RAND Corporation, Santa Monica, USA, p.3. Retrieved 25/11/16 from http://www.rand.org/pubs/research_reports/RR121.html

Figure 1: Specified Amenities Sustainability- A Broad Framework



Each of these building blocks can then be described or substantiated with more detail as shown in Figure 2 overleaf.

In practice, the Funding Board considers all these components when assessing Amenity applications and seeks to balance the contribution of each in light of:

- Auckland Council's need to make efficient use of public funds, ensuring funding is directed toward high priority strategic outcomes and goals for the region¹⁶, and
- The unique organisational mission, goals, structures, financial and other challenges applicable to each Amenity, and

¹⁶ Amenities Board (2016, Aug 29) 'Sustainability: A collective goal, inclusive of individual requirements', p.1

- The desire of the Amenities Board for a partnership model where funding is based on transparency, constructive challenge, accountability and provision of innovative support.¹⁷
- **Figure 2:** Specified Amenities Sustainability- The Building Blocks that Make the Framework Real



¹⁷ Amenities Board (2016, Aug 29) 'Sustainability: A collective goal, inclusive of individual requirements', p.4

To remain vital and relevant for Auckland, Amenities work on various aspects of all six building blocks over time and as part of each Amenity's annual application for funding, the ARAFB assesses any changes and developments. So, while all building blocks are important for ensuring organisational sustainability, the ARAFB's role is that of a 'funder'. It must under the Act establish on an annual basis the total funding levy to be collected from Auckland Council and the grant allocation to each Amenity. How financial sustainability is evaluated is therefore critical with details set out in the following page.

Information to Assess Financial Sustainability

As noted previously, while a guaranteed flow of funding does not automatically equate to an organisation being sustainable, maintaining financial sustainability is a fundamental base that enables each Amenity to deliver its mission in Auckland. So, having identified the broad framework for what sustainability means in the context of the Auckland Regional Amenities Act, the focus now turns to determining the information that is required for assessing financial sustainability. The information requirements are set out in Figure 3. It draws on outcomes from the Funding Board's scoping workshop, the process undertaken when assessing 2017-18 funding applications, material developed by the Amenities Board and the literature sources previously cited.

Figure 3: Financial Sustainability - Information Requirements

Financial Sustainability*					
Viable going concern	Able to plan for and operate with confidence over a 3-5 year horizon	Has appropriate surpluses, reserves and long-term asset planning	Maximises funding from other available sources	Limits funding expectations – recognises ratepayer constraints	Fair financial contribution from ratepayers
Does the Amenity have a strategic plan? Has it set outcomes and priorities? Does it know how much it will cost to implement the actions (planned levels of service, capital projects) identified? What sources of revenue does it plan to obtain in support of those actions?		How much income is self-generated i.e. from its own trusts or endowment funds, from the sale of goods/ services, from membership fees, from direct public or corporate contributions and alliances, from financial management (rented property, interest-bearing accounts, asset sales)		How diverse is the Amenity’s revenue sources? How dependent is the Amenity on ratepayer and government funding? How dependent is the Amenity on funding from other philanthropic entities? How vulnerable are these sources to changed priorities?	
What are the Amenity’s main expense types? Has it identified alternative ways (structures, systems, processes) that could deliver similar results? Does it know the true costs of its core programmes?		What are the Amenity’s main assets? Are they liquid or illiquid, restricted or unrestricted? Do they significantly contribute to the Amenity’s mission?		What are the Amenity’s largest liabilities? What is the structure and cash requirements of these obligations? What is readily available in cash and liquid funds to invest in the organisation’s future strategies?	
What financial measures should be assessed?	Revenue/Expenditure (actual vs budget) Surplus/Loss ARAFa Grant/Earned Income as a % of Total Revenue	Assets/Liabilities Debts Reserves - Cash /Asset accumulation	Working Capital People resource – paid, unpaid	Service growth New programme investment Compliance costs	Asset renewals Depreciation Capital Expenditure
* Key assumptions	(1) The unique aspects of Amenities are recognised, so: <ul style="list-style-type: none"> - Amenities are not directly compared but benchmarking with other similar/like organisations is possible - No uniform funding formula will be applied (2) The Funding Board does not set detailed operational service levels for each Amenity – it does not contract for service. (3) The ARAFA was established to assist Amenities with funding for operational activities, it specifically states [s21 (1)(b)] funding is not available for capital expenditure. As such the ARAFB has determined, “that even though depreciation is an operating expense, the Board will not fund depreciation. Instead Amenities are expected to make adequate provision for repairs and maintenance and undertake fundraising for finance the replacement of assets.”				