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## **Budget Committee**

### **OPEN MINUTES**

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Minutes of a meeting of the Budget Committee held in the Reception Lounge, Auckland Town Hall, 301-305 Queen Street, Auckland on Monday, 26 May 2014 at 3.13pm.

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#### **PRESENT**

<b>Chairperson</b>	Mayor Len Brown, JP
<b>Deputy Chairperson</b>	Cr Penny Webster
<b>Members</b>	Cr Cameron Brewer
	Cr Dr Cathy Casey
	Cr Bill Cashmore
	Cr Ross Clow
	Cr Linda Cooper, JP
	Cr Alf Filipaina
	Cr Hon Christine Fletcher, QSO
	Cr Denise Krum
	Cr Mike Lee
	Cr Calum Penrose
	Cr Dick Quax
	Cr Sharon Stewart, QSM
	Cr Wayne Walker
	Cr John Watson
	Cr George Wood, CNZM

#### **APOLOGIES**

Cr Anae Arthur Anae	For absence on council business
Cr Chris Darby	For absence on council business
Deputy Mayor Penny Hulse	For absence on council business
Cr Sir John Walker, KNZM, CBE	For absence on council business

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**ALSO PRESENT**

Andrew Baker  
Angela Dalton  
Bill McEntee  
Brian Neeson  
Catherine Farmer  
David Collings  
Desley Simpson  
Efeso Collins  
Izzy Fordham  
Julia Parfitt  
Julie Fairey  
Kay McIntyre  
Lydia Sosene  
Mike Cohen  
Paul Walden  
Peter Haynes  
Sandra Coney  
Shale Chambers  
Simon Randall  
Vanessa Neeson

Chair Franklin Local Board  
Chair Manurewa Local Board  
Chair Papakura Local Board  
Chair Upper Harbour Local Board  
Chair Whau Local Board  
Chair Howick Local Board  
Chair Orakei Local Board  
Chair Otara-Papatoetoe Local Board  
Chair Great Barrier Local Board  
Chair Hibiscus & Bays Local Board  
Chair Puketapapa Local Board  
Chair Kaipatiki Local Board  
Chair Mangere-Otahuhu Local Board  
Chair Devonport-Takapuna Local Board  
Chair Waiheke Local Board  
Chair Albert-Eden Local Board  
Chair Waitakere Ranges Local Board  
Chair Waitemata Local Board  
Chair Maungakiekie-Tamaki Local Board  
Chair Henderson-Massey Local Board

**1 Apologies**

Resolution number BUD/2014/26

MOVED by Chairperson LCM Brown, seconded by Deputy Chairperson MP Webster:

**That the Budget Committee:**

- a) **accept the apologies from Councillors AJ Anae, C Darby, PA Hulse and JG Walker for absence on council business.**

**CARRIED**

**2 Declaration of Interest**

There were no declarations of interest.

**3 Confirmation of Minutes**

Resolution number BUD/2014/27

MOVED by Chairperson LCM Brown, seconded by Cr LA Cooper:

**That the Budget Committee:**

- a) **confirm the ordinary minutes of its meeting, held on Thursday, 8 May 2014, as a true and correct record.**

**CARRIED**

**4 Petitions**

There were no petitions.

**5 Public Input**

There was no public input.

**6 Local Board Input**

There was no local board input.

**7 Extraordinary Business**

There was no extraordinary business.

**8 Notices of Motion**

There were no notices of motion.

## 9 Adoption of amendments to the Local Boards Funding Policy

Secretarial note: The chairperson tabled recommendations which, during debate, were amended with the consent of the meeting.

MOVED by Chairperson LCM Brown, seconded by Deputy Chairperson MP Webster:

That the Budget Committee:

- a) adopt for consultation the Statement of proposal to amend the Local boards funding policy and Long-term Plan 2012-2022 including a preferred option based on
  - i) separating local activities into two parts, as defined in the report:
    1. local asset based services
    2. locally driven initiatives.
  - ii) the costs of asset based services being funded from general rates, in accordance with asset management plans and the regional budgeting process.
  - iii) each local board being allocated a share of a total general rate funded budget for locally driven initiatives set by the Governing Body each year with 90 percent of the total budget being allocated to each local board based on their share of population, 5 percent of the total budget being allocated to each local board based on their share of average deprivation and 5 percent of the total budget being allocated to each local board based on their share of land area.
  - iv) that transition to the new allocation be managed as follows:
    1. sufficient funding be allocated to the locally driven initiatives budget to enable all local boards underfunded when measured against the new formula to move in equal steps to be fully funded within 3 years (approx. \$900,000 per year), noting that local boards overfunded against the formula will be held at current absolute levels.
    2. after the first three years any additional funding allocated to the locally driven initiatives budget will be allocated on the basis that no local board's budget is reduced and that any additional funding is applied in a way that will allow all local boards to catch-up to the higher funded Boards over a period of time noting that those Boards that are overfunded against the formula will hold current absolute levels of funding until that catch-up point is reached.
  - v) local boards are able to make investment decisions, within Governing Body parameters, providing the local board can meet the consequential operating costs from their locally driven initiatives budget.
  - vi) funding for local activities on Great Barrier Island and Waiheke is agreed each year during the budgeting process.
- b) delegate authority for updating the amendments to the Local boards funding policy and the Statement of proposal to reflect the decisions made at this meeting and to make minor editorial changes or correction of minor errors to the Chairperson or Deputy Chairperson of the Budget Committee, and the Chief Finance Officer.
- c) note that further work will be undertaken as part of the long-term plan programme to:
  - i) determine the appropriate amount of budget allocated to all council activities including local activities.
  - ii) determine whether more activities and the corresponding budget should sit in the locally driven initiatives category as part of the review of the allocation of decision making.

- iii) improve the methodology of allocating overheads to all council activities, including local activities.
- d) appoint a Hearings Panel of five members, to include Local Board representation, to hear submissions, deliberate and make recommendations to the Budget Committee on the review of the Local Boards Funding Policy.
- e) delegate the Chairperson or the Deputy Chairperson of the Budget Committee the authority to make replacement or additional appointments to the hearings panel.

Cr R Clow moved by way of amendment, seconded Cr A Filipaina:

- a) iii) each local board being allocated a share of a total general rate funded budget for locally driven initiatives set by the Governing Body each year with 75 percent of the total budget being allocated to each local board based on their share of population and 25 percent of the total budget being allocated to each local board based on their share of average deprivation.

A division was called for, voting on which was as follows:

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Cr CM Casey	Cr CE Brewer	
Cr RI Clow	Chairperson LCM Brown	
Cr AM Filipaina	Cr WB Cashmore	
	Cr LA Cooper	
	Cr CE Fletcher	
	Cr DA Krum	
	Cr ME Lee	
	Cr CM Penrose	
	Cr D Quax	
	Cr SL Stewart	
	Cr WD Walker	
	Cr J Watson	
	Deputy Chairperson MP Webster	
	Cr GS Wood	

The amendment was declared LOST by 3 votes to 14.

Cr C Casey moved by way of amendment, seconded Cr W Walker:

- a) iii) each local board being allocated a share of a total general rate funded budget for locally driven initiatives set by the Governing Body each year with 90 percent of the total budget being allocated to each local board based on their share of population and 10 percent of the total budget being allocated to each local board based on their share of average deprivation.

A division was called for, voting on which was as follows:

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Cr CM Casey	Cr CE Brewer	
Cr RI Clow	Chairperson LCM Brown	
Cr AM Filipaina	Cr WB Cashmore	
Cr WD Walker	Cr LA Cooper	
	Cr CE Fletcher	
	Cr DA Krum	
	Cr ME Lee	
	Cr CM Penrose	
	Cr D Quax	

Cr SL Stewart  
Cr J Watson  
Deputy Chairperson MP Webster  
Cr GS Wood

The amendment was declared LOST by 4 votes to 13.

The Chairperson put the substantive motion:

Resolution number BUD/2014/28

MOVED by Chairperson LCM Brown, seconded by Deputy Chairperson MP Webster:

**That the Budget Committee:**

- a) **adopt for consultation the Statement of proposal to amend the Local boards funding policy and Long-term Plan 2012-2022 including a preferred option based on:**
  - i) **separating local activities into two parts, as defined in the report:**
    1. **local asset based services**
    2. **locally driven initiatives.**
  - ii) **the costs of asset based services being funded from general rates, in accordance with asset management plans and the regional budgeting process.**
  - iii) **each local board being allocated a share of a total general rate funded budget for locally driven initiatives set by the Governing Body each year with 90 percent of the total budget being allocated to each local board based on their share of population, 5 percent of the total budget being allocated to each local board based on their share of average deprivation and 5 percent of the total budget being allocated to each local board based on their share of land area.**
  - iv) **that transition to the new allocation be managed as follows:**
    1. **sufficient funding be allocated to the locally driven initiatives budget to enable all local boards underfunded when measured against the new formula to move in equal steps to be fully funded within 3 years (approx. \$900,000 per year), noting that local boards overfunded against the formula will be held at current absolute levels.**
    2. **after the first three years any additional funding allocated to the locally driven initiatives budget will be allocated on the basis that no local board's budget is reduced and that any additional funding is applied in a way that will allow all local boards to catch-up to the higher funded Boards over a period of time noting that those Boards that are overfunded against the formula will hold current absolute levels of funding until that catch-up point is reached.**
  - v) **local boards are able to make investment decisions, within Governing Body parameters, providing the local board can meet the consequential operating costs from their locally driven initiatives budget.**
  - vi) **funding for local activities on Great Barrier Island and Waiheke is agreed each year during the budgeting process.**

- b) delegate authority for updating the amendments to the Local boards funding policy and the Statement of proposal to reflect the decisions made at this meeting and to make minor editorial changes or correction of minor errors to the Chairperson or Deputy Chairperson of the Budget Committee, and the Chief Finance Officer.
- c) note that further work will be undertaken as part of the long-term plan programme to:
  - i) determine the appropriate amount of budget allocated to all council activities including local activities.
  - ii) determine whether more activities and the corresponding budget should sit in the locally driven initiatives category as part of the review of the allocation of decision making.
  - iii) improve the methodology of allocating overheads to all council activities, including local activities.
- d) appoint a Hearings Panel of five members, to include Local Board representation, to hear submissions, deliberate and make recommendations to the Budget Committee on the review of the Local Boards Funding Policy.
- e) delegate the Chairperson or the Deputy Chairperson of the Budget Committee the authority to make replacement or additional appointments to the hearings panel.

**CARRIED**

## 10 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

4.30 pm

The Chairperson thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD  
AT A MEETING OF THE BUDGET COMMITTEE  
HELD ON

**DATE:**.....

**CHAIRPERSON:**.....