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## Finance and Performance Committee

### OPEN MINUTES

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Minutes of a meeting of the Finance and Performance Committee held in the Reception Lounge, Auckland Town Hall, 301-305 Queen Street, Auckland on Thursday, 19 June 2014 at 9.30am.

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#### PRESENT

<b>Chairperson</b>	Cr Penny Webster	
<b>Deputy Chairperson</b>	Cr Ross Clow	Until 12.18pm, Item C2
<b>Members</b>	Cr Anae Arthur Anae	From 11.30am, Item 14
	Cr Cameron Brewer	
	Mayor Len Brown, JP	Until 11.40am, Item 14
	Cr Dr Cathy Casey	
	Cr Bill Cashmore	
	Cr Linda Cooper, JP	
	Cr Chris Darby	
	Cr Alf Filipaina	
	Cr Penny Hulse	From 9.50am, Item 6.2
	Cr Denise Krum	
	Cr Mike Lee	From 11.30am, Item 14
	Cr Calum Penrose	
	Cr Dick Quax	
	Cr Sharon Stewart, QSM	
	Member David Taipari	From 9.55am, Item 6.2
	Member John Tamihere	
	Cr Sir John Walker, KNZM, CBE	
	Cr Wayne Walker	From 9.45am, item 6.2
	Cr John Watson	
	Cr George Wood, CNZM	From 11.18am, Item 14

#### APOLOGIES

Cr Hon Christine Fletcher, QSO	For absence
Cr Anae Arthur Anae	For lateness
Cr Penny Hulse	For lateness
Cr Mike Lee	For lateness
Cr George Wood, CNZM	For lateness
Member David Taipari	For lateness

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**1 Apologies**

Resolution number FIN/2014/29

MOVED by Chairperson MP Webster, seconded by Deputy Chairperson RI Clow:

**That the Finance and Performance Committee:**

- a) **accept the apologies from Crs A Anae, PA Hulse, M Lee and GS Wood and member D Taipari for lateness and from Cr C Fletcher for absence.**

**CARRIED**

**2 Declaration of Interest**

There were no declarations of interest.

**3 Confirmation of Minutes**

Resolution number FIN/2014/30

MOVED by Deputy Chairperson RI Clow, seconded by Cr WB Cashmore:

**That the Finance and Performance Committee:**

- a) **confirm the ordinary minutes of its meeting, held on Thursday, 22 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**

**6.1 Sites proposed for divestment in Franklin - Andrew Baker, Franklin Local Board Chair**

Resolution number FIN/2014/31

MOVED by Cr WB Cashmore, seconded by Deputy Chairperson RI Clow:

**That the Finance and Performance Committee:**

- a) **thank Andrew Baker, Franklin Local Board Chair for his presentation regarding the properties at 172, 174, 180a, 180b and 180c Manukau Road, Pukekohe in relation to the Disposal Recommendation report.**

**CARRIED**

*Cr WD Walker entered the meeting at 9.45am.*

*Member DE Taipari entered the meeting at 9.55am.*

*Cr PA Hulse entered the meeting at 9.52am.*

**6.2 West Harbour Community House - Vanessa Neeson, Henderson-Massey Local Board Chair**

Resolution number FIN/2014/32

MOVED by Cr LA Cooper, seconded by Cr PA Hulse:

**That the Finance and Performance Committee:**

- a) **thank Vanessa Neeson, Henderson-Massey Local Board Chair for her presentation regarding the West Harbour Community House.**

**CARRIED**

**7 Extraordinary Business**

There was no extraordinary business.

**8 Notices of Motion**

There were no notices of motion.

**9 Disposal Recommendation Report**

MOVED by Chairperson MP Webster, seconded by Deputy Chairperson RI Clow:

That the Finance and Performance Committee:

- a) approve, subject to the satisfactory conclusion of any required statutory processes, the disposal of the land at:
- i. 14 Weza Lane, Kumeu comprised of an estate in fee simple, containing 2021m<sup>2</sup> more or less being Lot 1 DP 335101 contained in certificate of title 143689;
  - ii. 18 Weza Lane, Kumeu comprised of an estate in fee simple, containing 2969m<sup>2</sup> more or less being Lot 12 DP 69227 contained in certificate of title NA25B/622;
  - iii. 19 Weza Lane, Kumeu comprised of an estate in fee simple, containing 1.0001 hectares more or less being Lot 1 DP 330233 contained in certificate of title 124200;
  - iv. 68 Henwood Road, Mangere East comprised of an estate in fee simple, containing 1201m<sup>2</sup> more or less being Lot 1 Deposited Plan 53131 contained in certificate of title NA4B/421;
  - v. 906 Leigh Road, Big Omaha comprised of an estate in fee simple, containing 870m<sup>2</sup> (limited as to parcels) more or less being Part Allotment 31 Parish of Matakana contained in certificate of title CFR 39528;
  - vi. 172 Manukau Road, Pukekohe comprised of an estate in fee simple, containing 512m<sup>2</sup> more or less being Section 2, Survey Office Plan 440667 contained in certificate of title CFR 599298, subject to the completed Pukekohe Area Plan confirming that this site is no longer required for the Pukekohe Eastern Arterial;
  - vii. 174 Manukau Road, Pukekohe comprised of an estate in fee simple, containing 1569m<sup>2</sup> more or less being Section 8 Survey Office Plan 440667 contained in certificate of title CFR 599299, subject to the completed Pukekohe Area Plan confirming that this site is no longer required for the Pukekohe Eastern Arterial;
  - viii. 180A Manukau Road, Pukekohe comprised of an estate in fee simple, containing 2153m<sup>2</sup> more or less being Section 4 Survey Office Plan 440667 contained in certificate of title CFR 599301, subject to the completed Pukekohe Area Plan confirming that this site is no longer required for the Pukekohe Eastern Arterial;
  - ix. 180B Manukau Road, Pukekohe comprised of an estate in fee simple, containing

606m<sup>2</sup> more or less being Sections 6 and 9 Survey Office Plan 440667 contained in certificates of title CFR 599300 and CIR 610788, subject to the completed Pukekohe Area Plan confirming that this site is no longer required for the Pukekohe Eastern Arterial;

- x. 180C (aka 182) Manukau Road, Pukekohe comprised of an estate in fee simple, containing 2172m<sup>2</sup> more or less being Section 11 Survey Office Plan 440667 contained in certificate of title CFR 599297, subject to the completed Pukekohe Area Plan confirming that this site is no longer required for the Pukekohe Eastern Arterial;

b) agree that final terms and conditions be approved under the appropriate delegations.

Cr WB Cashmore moved the following amendments, seconded by Cr AM Filipaina:

- b) agree that the disposal of the Manukau Road properties ( items vi to x in a) above) be deferred until such time as the preferred route for an east-west link in Pukekohe is identified, and if the properties are not needed as part of the preferred route, they then be approved for rationalisation.
- c) agree that priority be given to the identification of the most suitable east-west route in Pukekohe and that Auckland Transport work closely with the Franklin Local Board on this route.

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 WB Cashmore	Cr C Darby	
Deputy Chairperson RI Clow	Cr DA Krum	
Cr LA Cooper	Cr D Quax	
Cr AM Filipaina	Cr SL Stewart	
Cr PA Hulse	Cr WD Walker	
Cr CM Penrose		
Member DE Taipari		
Member J Tamihere		
Cr JG Walker		
Cr J Watson		
Chairperson MP Webster		

The amendment was declared CARRIED by 12 votes to 6.

Resolution number FIN/2014/33

The substantive motion was **MOVED** by Chairperson MP Webster, seconded by Deputy Chairperson RI Clow:

**That the Finance and Performance Committee:**

- a) **approve, subject to the satisfactory conclusion of any required statutory processes, the disposal of the land at:**
  - i. **14 Weza Lane, Kumeu comprised of an estate in fee simple, containing 2021m<sup>2</sup> more or less being Lot 1 DP 335101 contained in certificate of title 143689;**
  - ii. **18 Weza Lane, Kumeu comprised of an estate in fee simple, containing 2969m<sup>2</sup> more or less being Lot 12 DP 69227 contained in certificate of title NA25B/622;**
  - iii. **19 Weza Lane, Kumeu comprised of an estate in fee simple, containing 1.0001 hectares more or less being Lot 1 DP 330233 contained in certificate of title 124200;**
  - iv. **68 Henwood Road, Mangere East comprised of an estate in fee simple,**

- containing 1201m<sup>2</sup> more or less being Lot 1 Deposited Plan 53131 contained in certificate of title NA4B/421;
- v. 906 Leigh Road, Big Omaha comprised of an estate in fee simple, containing 870m<sup>2</sup> (limited as to parcels) more or less being Part Allotment 31 Parish of Matakana contained in certificate of title CFR 39528;
  - b) agree that the disposal of the Manukau Road properties [recommendations a) vi to x in the report] be deferred until such time as the preferred route for an east-west link in Pukekohe is identified, and if the properties are not needed as part of the preferred route, they then be approved for rationalisation.
  - c) agree that priority be given to the identification of the most suitable east-west route in Pukekohe and that Auckland Transport work closely with the Franklin Local Board on this route.
  - d) agree that final terms and conditions be approved under the appropriate delegations.

**CARRIED**

Secretarial Note: Pursuant to Standing Orders 3.15.5, Cr W Walker requested that his vote against resolution a) i, ii and iii be recorded.

**10 Response to report commissioned by the Independent Māori Statutory Board - Independent Assessment of Expenditure incurred by Auckland Council to achieve Māori outcomes.**

Resolution number FIN/2014/34

MOVED by Chairperson MP Webster, seconded by Cr WB Cashmore:

**That the Finance and Performance Committee:**

- a) note the recommendations 1 to 13 in the KPMG report (attached to the 22 May 2014 Finance and Performance Committee official minutes).
- b) note the Independent Māori Statutory Board intends the KPMG report findings to assist the council in improving its Māori responsiveness in resource allocation and its key planning, budgeting and reporting processes, particularly in preparation of the Long-term Plan (LTP)
- c) note the KPMG report recommendations 1, 2, 5, 6, 9, 10, 11 and 13 are together proposing that the council family takes a strategic top down approach to agreeing and prioritising activities that contribute to Māori outcomes
- d) agree to support the approach in b) through clarifying the council's political direction on priority Māori transformational shift activities and associated budgets in the LTP
- e) request work to be undertaken to support c) and to ensure that the council's budgeting, business planning, monitoring and reporting processes identify progress on priority Māori transformational shift activities through the LTP years
- f) agree that a Māori responsiveness reporting framework be developed to ensure monitoring and reporting of Māori transformational shift activities across the Auckland Council family as well as on long-term Māori wellbeing indicators
- g) note that KPMG recommendations 7 and 8 support and strengthen work currently underway and that the council's Chief Executive will progress recommendation 12 in discussion with the Council Controlled Organisations' (CCO) Chief Executives
- h) note that Auckland Council's Chief Executive will lead a Māori Responsiveness Leadership team across the Auckland Council family to ensure progress on the agreed actions arising from this report

- j) **note that staff will report back in July 2014 to this committee specifying those projects which will contribute to Māori transformational shift activities in 2014/2015 and setting out the monitoring and reporting process for 2014/2015.**

**CARRIED**

Secretarial Note: Resolution i) was taken separately by division as follows:

Resolution number FIN/2014/35

MOVED by Chairperson MP Webster, seconded by Cr WB Cashmore:

- i) **agree that KPMG recommendations 3 and 4 are not supported for the reasons explained in this report.**

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

<b><u>For</u></b>	<b><u>Against</u></b>	<b><u>Abstained</u></b>
Cr CE Brewer	Cr CM Casey	
Cr WB Cashmore	Deputy Chairperson RI	
Cr LA Cooper	Clow	
Cr C Darby	Cr AM Filipaina	
Cr PA Hulse	Member DE Taipari	
Cr DA Krum	Member J Tamihere	
Cr CM Penrose		
Cr D Quax		
Cr SL Stewart		
Cr JG Walker		
Cr WD Walker		
Cr J Watson		
Chairperson MP Webster		

The motion was declared **CARRIED** by 13 votes to 5.

**CARRIED**

**11 Amending Eden Park Trust's guarantee to include approved derivative transactions**

Resolution number FIN/2014/36

MOVED by Cr CM Penrose, seconded by Cr WB Cashmore:

**That the Finance and Performance Committee:**

- a) **approve delegation to the Chief Finance Officer to approve the Deed of Amendments required to amend Auckland Council's guarantee of Eden Park Trust's \$40 million ASB bank facility to include derivative transactions subject to the conditions outlined in this report**
- b) **approve delegation to the Auckland Council Treasurer to approve derivative transactions that will be covered by Auckland Council's guarantee of Eden Park Trust's \$40 million ASB bank facility.**

**CARRIED**

**12 Better Performance Measures for LTP 2015-2025**

Resolution number FIN/2014/37

MOVED by Cr C Darby, seconded by Cr WD Walker:

**That the Finance and Performance Committee:**

- a) **note the proposed approach, scope, and engagement timelines for the LTP 2015-2025.**
- b) **provide any further feedback on the proposed approach and scope.**

**CARRIED**

**13 Performance Reporting in the 2014 annual report**

Resolution number FIN/2014/38

MOVED by Cr CM Casey, seconded by Cr WB Cashmore:

**That the Finance and Performance Committee:**

- a) **receive the report.**
- b) **adopt the four-symbol representation of status of non-financial performance measures included in the Auckland Council group annual report.**

**CARRIED**

*Cr GS Wood entered the meeting at 11.18am.*

*Mayor LCM Brown left the meeting at 11.40am.*

*Cr ME Lee entered the meeting at 11.30 am.*

*Mayor LCM Brown returned to the meeting at 11.51 am.*

**14 Monthly budget update**

*Cr JG Walker left the meeting at 11.29 am.*

*Cr AJ Anae entered the meeting at 11.30 am.*

*Cr JG Walker returned to the meeting at 11.41 am.*

MOVED by Chairperson MP Webster, seconded by Cr C Darby:

**That the Finance and Performance Committee:**

- a) request that the Henderson-Massey Local Board:
  - i) utilise its existing budget to proceed with those projects that are substantially complete, but
  - ii) not enter into any further contractual commitments regarding the other community facility projects with shortfalls until the capital programme review has been completed in July.
- b) agree that the governance structure for the use of the Strategic Development Fund (SDF) be amended to provide that approvals for individual project expenditure of:
  - i) Up to \$15 million be delegated to the Auckland Council Property Limited (ACPL) Board.
  - ii) \$15 million to \$25 million be delegated to Auckland Council Chief Executive, Chief Finance Officer and the Chair of the Finance and Performance Committee, and
  - iii) more than \$25 million remain with the Finance and Performance Committee.
- c) agree that the period for repayment into the SDF be extended from the current two years to four years for each project, reflecting the long lead and delivery times for development projects.



- d) delegate the authority to re-phase the annual SDF budget to the Auckland Council Chief Finance Officer and the ACPL Board.
- e) agree that a Development Budget (DB) of \$5 million per annum be established to cover investigatory activities on development projects and value-adding works on properties prior to sale.
- f) note that this budget is to be funded ultimately by sales proceeds from property disposal, and will be self-funding with additional returns achieved to offset the expenditure, resulting in no negative impact on rates requirements or material impact on council debt.
- g) agree that reporting on both the SDF and DB will be provided to the CCO Governance and Monitoring Committee as part of the regular quarterly reporting.
- h) note ACPL's request to expand its development role and mandate, as follows:
  - i) To enable pro-active facilitation of housing and/or commercial development opportunities within Auckland Council's and Auckland Transport's existing service property portfolio, including opportunities to rationalise, amalgamate, co-locate and further intensify the use of properties.
  - ii) To provide more active capability for ACPL to hold development land on its (Council's) balance sheet until a project is completed, particularly for projects in partnership with developers, generally on the basis of a minimum pre-agreed value for the land plus holding costs and a profit share, all payable on completion or in stages of a development with all such partnerships subject to the approval of the ACPL Board.
- i) note ACPL's request to amend its Statement of Intent to reflect the extra resources available to ACPL and the expected performance from those resources.
- j) Refer h) and i) to the CCO Governance and Monitoring Committee for consideration, and
- k) agree that the council's budgets be updated to reflect the financial implications of the above decisions.

Cr Casey moved an amendment, seconded by Cr Watson to replace recommendations b) to k) with:

- b) agree that any extension to the role of ACPL in relation to the Strategic Development Fund be held over until after the CCO review is concluded.

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 AJ Anae
Cr AM Filipaina	Cr WB Cashmore	
Cr ME Lee	Deputy Chairperson RI	
Member DE Taipari	Clow	
Cr WD Walker	Cr LA Cooper	
Cr J Watson	Cr C Darby	
	Cr PA Hulse	
	Cr DA Krum	
	Cr CM Penrose	
	Cr D Quax	
	Cr SL Stewart	
	Member J Tamihere	
	Chairperson MP Webster	
	Cr GS Wood	

The amendment was declared LOST by 6 votes to 13.

Resolution number FIN/2014/398

MOVED by Cr LA Cooper to replace recommendation a), seconded by Cr PA Hulse:

That the Finance and Performance Committee:

- a) agree to bring forward the West Harbour Community House budget funding and that it approve the following reallocations to FY14/15:
  - ii) \$563,211 to fund the budget shortfall for the Glendene and West Harbour Community Hubs.
  - iii) \$100,000 to fund the budget shortfall for the fit out and streetscaping of Ranui Library.
  - iv) \$200,000 to fund the redevelopment of the Ranui Community House
  - v) \$186,389 to fund the budget shortfall for the fit out of the Te Atatu Peninsula Community Centre.
- b) note the expiration date of the tenders for the Glendene and West Harbour Community Hubs is 21 June 2014 and that new tenders are likely to increase in value
- c) request the Libraries and Community Development and Safety Departments be directed to fund the four years of OPEX impacts associated with bringing the CAPEX funding forward.

**CARRIED**

Resolution number FIN/2014/39

The substantive motion was MOVED by Chairperson MP Webster, seconded by Cr C Darby:

That the Finance and Performance Committee:

- a) **agree to bring forward the West Harbour Community House budget funding and that it approve the following reallocations to FY14/15:**
  - a. **\$563,211 to fund the budget shortfall for the Glendene and West Harbour Community Hubs.**
  - b. **\$100,000 to fund the budget shortfall for the fit out and streetscaping of Ranui Library.**
  - c. **\$200,000 to fund the redevelopment of the Ranui Community House**
  - d. **\$186,389 to fund the budget shortfall for the fit out of the Te Atatu Peninsula Community Centre.**
- b) **note the expiration date of the tenders for the Glendene and West Harbour Community Hubs is 21 June 2014 and that new tenders are likely to increase in value**
- c) **request the Libraries and Community Development and Safety Departments be directed to fund the four years of OPEX impacts associated with bringing the CAPEX funding forward.**
- d) **agree that the governance structure for the use of the Strategic Development Fund (SDF) be amended to provide that approvals for individual project expenditure of:**
  - i) **Up to \$15 million be delegated to the Auckland Council Property Limited (ACPL) Board.**
  - ii) **\$15 million to \$25 million be delegated to Auckland Council Chief Executive, Chief Finance Officer and the Chair of the Finance and Performance Committee, and**

- iii) more than \$25 million remain with the Finance and Performance Committee.
- e) agree that the period for repayment into the SDF be extended from the current two years to four years for each project, reflecting the long lead and delivery times for development projects.
- f) delegate the authority to re-phase the annual SDF budget to the Auckland Council Chief Finance Officer and the ACPL Board.
- g) agree that a Development Budget (DB) of \$5 million per annum be established to cover investigatory activities on development projects and value-adding works on properties prior to sale.
- h) note that this budget is to be funded ultimately by sales proceeds from property disposal, and will be self-funding with additional returns achieved to offset the expenditure, resulting in no negative impact on rates requirements or material impact on council debt.
- i) agree that reporting on both the SDF and DB will be provided to the CCO Governance and Monitoring Committee as part of the regular quarterly reporting.
- j) note ACPL's request to expand its development role and mandate, as follows:
  - i) To enable pro-active facilitation of housing and/or commercial development opportunities within Auckland Council's and Auckland Transport's existing service property portfolio, including opportunities to rationalise, amalgamate, co-locate and further intensify the use of properties.
  - ii) To provide more active capability for ACPL to hold development land on its (Council's) balance sheet until a project is completed, particularly for projects in partnership with developers, generally on the basis of a minimum pre-agreed value for the land plus holding costs and a profit share, all payable on completion or in stages of a development with all such partnerships subject to the approval of the ACPL Board.
- k) note ACPL's request to amend its Statement of Intent to reflect the extra resources available to ACPL and the expected performance from those resources.
- l) refer resolutions j) and k) to the CCO Governance and Monitoring Committee for consideration, and
- m) agree that the council's budgets be updated to reflect the financial implications of the above decisions.

**CARRIED**

Secretarial Note: Pursuant to Standing Orders 3.15.5, Cr Casey requested that her vote against the substantive motion be recorded.

## 15 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

## 16 Procedural motion to exclude the public

Resolution number FIN/2014/40

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

**That the Finance and Performance Committee:**

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

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

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

**C1 Waterfront Theatre Limited/Auckland Theatre Company waterfront theatre project**

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.	s7(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.  In particular, the report contains commercial and financial information that may prejudice Waterfront Auckland's ability to undertake future lease negotiations.	s48(1)(a)  The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

**C2 Transformation projects update**

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.	s7(2)(i) - 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).  In particular, this report contains commercially sensitive information, the disclosure of which could disadvantage the council in negotiation..	s48(1)(a)  The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

The text of these resolutions is made available to the public who are present at the meeting and form part of the minutes of the meeting.

**CARRIED**

11.55am The public was excluded.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available.

12.29pm The public was re-admitted.

### **RESTATEMENTS**

It was resolved while the public was excluded:

**C1 Waterfront Theatre Limited/Auckland Theatre Company waterfront theatre project**

That the Finance and Performance Committee:

- e) confirm that there be no restatement of the confidential report, attachments or resolutions.

**C2 Transformation projects update**

That the Finance and Performance Committee:

- d) confirm that there be no restatement of the confidential report, attachments or resolutions.

12.30 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 FINANCE AND  
PERFORMANCE COMMITTEE HELD ON

**DATE:**.....

**CHAIRPERSON:**.....