



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

Date: Tuesday, 9 December 2014
Time: 1.30pm
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Governing Body OPEN AGENDA

MEMBERSHIP

Mayor	Len Brown, JP	
Deputy Mayor	Penny Hulse	
Councillors	Cr Anae Arthur Anae	Cr Dick Quax
	Cr Cameron Brewer	Cr Sharon Stewart, QSM
	Cr Dr Cathy Casey	Cr Sir John Walker, KNZM, CBE
	Cr Bill Cashmore	Cr Wayne Walker
	Cr Ross Clow	Cr John Watson
	Cr Linda Cooper, JP	Cr Penny Webster
	Cr Chris Darby	Cr George Wood, CNZM
	Cr Alf Filipaina	
	Cr Hon Christine Fletcher, QSO	
	Cr Denise Krum	
	Cr Mike Lee	
	Cr Calum Penrose	

(Quorum 11 members)

Elaine Stephenson
Democracy Advisor

5 December 2014

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TERMS OF REFERENCE

Those powers which cannot legally be delegated:

- (a) the power to make a rate; or
- (b) the power to make a bylaw; or
- (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long term council community plan; or
- (d) the power to adopt a long term plan, annual plan, or annual report; or
- (e) the power to appoint a Chief Executive; or
- (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; or
- (g) the power to adopt a remuneration and employment policy.

Additional responsibilities retained by the Governing Body:

- (a) Approval of a draft long term plan or draft annual plan prior to community consultation
- (b) Approval of a draft bylaw prior to community 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 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.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Only 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.

IMSB

- Members of the IMSB who are appointed members of the meeting remain.
- Other IMSB members and IMSB staff remain if this is necessary in order for them to perform their role.

CCOs

- Representatives of a CCO can remain only if required to for discussion of a matter relevant to the CCO.

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1 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.

Draft Long-term Plan 2015 - 2025 Amended CRL assumption

File No.: CP2014/28771

Purpose

1. This report seeks endorsement for an amendment to the underlying assumption regarding government funding of the City Rail Link (CRL) for the Long-Term Plan 2015-25 (LTP).

Executive Summary

2. One of the more uncertain assumptions in the LTP 2015-25 is the date of commencement of government funding for the CRL. At the time of preparing the draft LTP 2012-22, an assumption was made that the government would contribute from 2015/16, although at that stage it was opposed to the project. Subsequently the government has agreed to contribute from 2020.
3. In preparing the 2015-25 LTP we have continued to reflect the same funding assumption as previously, i.e. 2015/16 commencement, although the consultation document sets out three different scenarios for public information and feedback.
4. Following discussion with Audit New Zealand, it is now recommended that one of the alternative scenarios (option 2) would better meet Audit's expectations. This has the practical effect of a slight delay for the project (but not the enabling works) and only minor financial impacts.

Recommendation/s

That the Governing Body:

- a) approve the financial data for the Long-Term Plan 2015-2025 being updated to reflect the City Rail Link Option 2 scenario of council-funded enabling works only in years one to three of the Long-Term Plan and construction commencing in 2018/19 with commensurate government funding.

Discussion

5. The CRL is the game changing project for Auckland, the most significant piece of our transport network which will ensure that Auckland can continue to grow without transport grinding to a halt.
6. We have been engaged in ongoing discussion with central government about the funding of this project. Government has moved from an initial position of opposition to the project, to one of commitment to contribute to funding from the year 2020. We know that this is not soon enough and have continued to work collaboratively with government agencies and ministers to support our case for earlier funding.

7. In the 2012-22 LTP we assumed central government funding would commence from the year 2015-16 and the financial data for the 2015-25 LTP has carried that assumption through. The consultation document has been written with three alternative scenarios set out for public consideration:
 - Option 1 – government funding starts in 2015/16 and project proceeds on original timelines
 - Option 2 – government funding starts in 2018/19 – enablement works only for next three years and then construction starting in 2018/19
 - Option 3 – government funding starts in 2020/21 – enablement works only for next three years, construction starts in 2018/19, backed by a firm commitment for government funding from 2020.
8. While all three scenarios are described in the public consultation document the LTP financials are currently built on Option 1.
9. Over the last couple of weeks, as staff have been preparing the consultation document for Governing Body sign off later this month, it has become apparent that Audit New Zealand's view is that it would be more prudent to build the LTP financials on one of the alternative scenarios. In order to ensure we prepare a consultation document consistent with Audit New Zealand's expectations, I am now proposing that we adopt Option 2 as the basis of our LTP financials.
10. This option will continue to keep the pressure on the Government to contribute funding earlier than the current commitment, but gives more time for us to work with it to achieve a common view. It also allows us to keep faith with our private sector partners by progressing the enablement works. While it delays the construction timing by a couple of years it has only a relatively minor impact on the financial situation.

Scenario One

Financial information

\$ million Year ended 30 June	Prior years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Capital expenditure	178	156	267	432	438	425	481	102	-88			2,391
Government contribution	0	167	133	216	219	200	194	51	-44			1,137
CRL related closing debt	163	155	295	528	778	1,047	1,318	1,343	1,271	1,243	1,215	

Assumptions

- Council proceeds with all project phases
- Central government contribution from 2015/2016
- Operational from 2020/2021

Financial impacts

- Closing group debt of \$10.5 billion
- Interest to revenue ratio does not exceed 12%

Scenario Two

Financial information

\$ million Year ended 30 June	Prior years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Capital expenditure	178	145	177	78	319	372	416	464	201	137		2,488
Government contribution	0	0	0	0	305	186	195	184	101	68		1,039
CRL related closing debt	163	316	510	614	658	882	1,081	1,340	1,428	1,490	1,487	

Assumptions

- Council proceeds with only investigation and design, land purchases and enablement works for the next three years (total \$400 million)
- Council funds the enablement works (about \$280m of the \$400m)
- Central government contribution from 2018/2019
- Full construction starts 2018/2019
- Operational from 2022/2023

Financial impacts

- Total capital expenditure is \$97 million higher due to the inflation impact of spending later
- Government funding reduces by \$98 million due to the self-funding of enablement works
- Closing group debt \$272m higher than Scenario One (\$10.8b)
- Interest to revenue ratio does not exceed 12%
- No difference to rates increases from Scenario One

Attachments

There are no attachments for this report.

Signatories

Author	His Worship the Mayor, Len Brown
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