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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, 1 June 2017 at 9.30am.

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#### PRESENT

<b>Chairperson</b>	Cr Ross Clow	
<b>Deputy Chairperson</b>	Cr Desley Simpson, JP	
<b>Members</b>	Cr Dr Cathy Casey	
	Deputy Mayor Bill Cashmore	
	Cr Fa'anana Efeso Collins	
	Cr Linda Cooper, JP	
	Cr Chris Darby	
	Cr Alf Filipaina	From 9.36am, item 5
	Cr Hon Christine Fletcher, QSO	
	Mayor Hon Phil Goff, CNZM, JP	
	IMSB Member Hon Tau Henare (alternate)	
	Cr Richard Hills	
	Cr Penny Hulse	
	IMSB Member Tony Kake (alternate)	From 9.32am, item 4
	Cr Denise Lee	
	Cr Mike Lee	From 10.07am, part item 12
	Cr Daniel Newman, JP	
	Cr Dick Quax	
	Cr Greg Sayers	
	Cr Sharon Stewart, QSM	Until 10.58am, part item 12
	Cr Sir John Walker, KNZM, CBE	Until 3.52pm, part item 12
	Cr Wayne Walker	
	Cr John Watson	From 9.36am, item 5

#### ABSENT

IMSB Member Terrence Hohneck  
IMSB Chair David Taipari

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**1 Apologies**

Resolution number FIN/2017/71

MOVED by Cr E Collins, seconded by Cr R Hills:

**That the Finance and Performance Committee:**

- a) **accept the apologies from IMSB Members T Hohneck and D Taipari for absence.**

**CARRIED**

**2 Declaration of Interest**

Cr P Hulse and Cr L Cooper declared interests in the accommodation provider targeted rate matter (Item 12 Clause c).

**3 Confirmation of Minutes**

Resolution number FIN/2017/72

MOVED by Deputy Chairperson D Simpson, seconded by Chairperson R Clow:

**That the Finance and Performance Committee:**

- a) **confirm the ordinary minutes of its meeting, held on Tuesday, 23 May 2017 and the extraordinary minutes of its meeting, held on Friday, 26 May 2017, as true and correct records.**

**CARRIED**

**4 Petitions**

*Member T Kake arrived at the meeting at 9.32am*

There were no petitions.

**5 Public Input**

*Cr A Filipaina arrived at the meeting at 9.36am*

*Cr J Watson arrived at the meeting at 9.36am*

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 Annual Budget 2017/2018 - Overview to decision-making**

Staff were present in support of this item.

Resolution number FIN/2017/73

MOVED by Chairperson R Clow, seconded by Deputy Mayor B Cashmore:

**That the Finance and Performance Committee:**

- a) **receive the Annual Budget 2017/2018 – Overview to decision-making report as background information.**
- b) **note that other decisions required to finalise the Annual Budget 2017/2018 are set out in separate reports on this agenda.**

**CARRIED**

**10 Annual Budget 2017/2018 - Local Board budget update**

Staff were present in support of this item.

Resolution number FIN/2017/74

MOVED by Deputy Chairperson D Simpson, seconded by Cr P Hulse:

**That the Finance and Performance Committee recommend that the Governing Body:**

- a) **release reserve funds of \$389,085 held from legacy councils.**
- b) **note that Great Barrier Local Board and Waiheke Local Board have the option to negotiate their Locally Driven Initiatives funding annually with the Governing Body as part of the Local Board Funding Policy.**
- c) **approve a Locally Driven Initiatives increase of \$57,230 for Great Barrier Local Board and \$12,671 for Waiheke Local Board.**
- d) **approve the deferral of the operating budget amount of \$3,086,025 (as detailed in Attachment A to the agenda report) from 2016/2017 to 2017/2018.**

**CARRIED**

**11 Annual Budget 2017/2018 - local board feedback**

Staff were present in support of this item.

Resolution number FIN/2017/75

MOVED by Cr E Collins, seconded by Deputy Chairperson D Simpson:

**That the Finance and Performance Committee:**

- a) **when agreeing 2017/2018 budgets, consider feedback from local boards on regional financial policy issues, advocacy and proposals for Business Improvement District (BID) targeted rates and local targeted rates.**

**CARRIED**

**12 Final Annual Budget 2017/2018 - Mayoral Proposal**

*Cr M Lee arrived at the meeting at 10.07am.*

Staff presented a PowerPoint presentation in support of the report. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

MOVED by Mayor P Goff, seconded by Chairperson R Clow:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopts an average increase to both the fixed and variable portions of the general rate for existing ratepayers of 2.5 per cent for the final Annual Budget 2017/18.
- b) recommend that the Governing Body agrees to amend the council's Revenue and Financing Policy to pause the Long-Term Differential Strategy for the 2017/18 year and extend the time to reach the target proportion of 25.8 percent of rates from the business sector until 2037/38.
- c) recommend that the Governing Body, as part of the final Annual Budget 2017/18, agrees to a targeted rate on commercial accommodation providers to fund a proportion of the visitor attraction and major events expenditure of Auckland Tourism, Events and Economic Development (ATEED) as follows:
  - i) the amount of the targeted rate is set at 50 per cent of Auckland Tourism, Events and Economic Development's budgeted expenditure on visitor attraction and major events, being \$13.45 million
  - ii) in consideration of the distribution of benefits and affordability for commercial accommodation providers, they be categorised by type into three tiers:
    - Tier 1 comprising hotels and serviced apartments
    - Tier 2 comprising motels, lodges and motel-like accommodation in campgrounds
    - Tier 3 comprising other accommodation providers such as backpackers, campgrounds and hostels
  - iii) in further consideration of the distribution of benefits for commercial accommodation providers, they be categorised by location into three zones:
    - Zone A comprising the local board areas of Albert-Eden, Devonport-Takapuna, Mangere-Otahuhu, Maungakiekie-Tamaki, Orakei, Waitemata
    - Zone B comprising the local board areas of Henderson-Massey, Hibiscus and Bays, Howick, Kaipatiki, Manurewa, Otara-Papatoetoe, Puketapapa, Upper Harbour, Waiheke, Whau
    - Zone C comprising the local board areas of Franklin, Great Barrier, Papakura, Rodney and Waitakere Ranges
  - iv) the targeted rate is applied on a differential basis based on the type and location as set out in the following table:

Differential ratios		Provider type		
		Hotels and serviced apartments	Motels and Lodges (including motel-like accommodation at campgrounds)	Other (Backpackers, campgrounds, hostels)
Location	Zone A	1.0	0.6	0.0
	Zone B	0.5	0.3	0.0
	Zone C	0.0	0.0	0.0

Note: The change from the original proposal is set out in paragraph 21.

- v) the council will consider applications for remission under its existing rate remission scheme (Remission of rates for miscellaneous purposes), for example where the owner/ratepayer are separate from the accommodation operator and the nature of the relationship between the parties means the targeted rate is

- unable to be passed on to the accommodation operator
- vi) staff report back on the development of a more targeted remission scheme as part of the Long-term Plan 2018-2028
  - vii) staff report back on a proposal for 2018/19 for the inclusion of informal accommodation providers currently being rated as residential properties
  - viii) staff report back on a proposal for the introduction of alternative governance arrangements of Auckland Tourism, Events and Economic Development, including greater participation for commercial accommodation providers appropriate to their level of funding of Auckland Tourism, Events and Economic Development's activities
  - ix) the council's Revenue and Financing Policy be amended to provide for targeted rates to be used to fund visitor and external relations, destination and marketing and major events in the Economic Growth and Visitor Economic activity
  - x) the \$13.45 million of general ratepayer funding no longer required to fund Auckland Tourism, Events and Economic Development be used to fund transport infrastructure projects, specifically mass transit to the airport and other airport access improvement projects
  - xi) note that Auckland Tourism, Events and Economic Development's future role and activities will be considered as part of the Long-term Plan 2018-2028
  - xii) note that the Mayor is open to discussing with the industry any proposals it wishes to put forward for an industry-led and funded regional tourism organisation as a partial or complete alternative to using a targeted rate to fund Auckland Tourism, Events and Economic Development's tourism promotion activities.
- d) recommend that the Governing Body agrees to amend the council's Revenue and Financing Policy to facilitate future proposals to the Governing Body on the use of targeted rates to fund growth infrastructure.
- e) recommend to the Governing Body that Auckland Council group implements a living wage policy over the council term to October 2019 as follows:
- i) the rate will initially be based on the reference living wage published by the Living Wage Movement Aotearoa New Zealand for 2017 being \$20.20, and thereafter will be calculated based on council wage inflation
  - ii) the living wage applies to Auckland Council and its substantive council-controlled organisations and excludes contractors and volunteers
  - iii) a phased implementation approach be employed to ensure the greatest benefit is received by people earning lower than a living wage in priority to addressing relativity issues
  - iv) a complementary Trainee, Cadet, Intern and Apprenticeship rate is developed
  - v) the operating budget for the final Annual Budget 2017/18 include costs of \$1.9 million for living wage policy implementation and that this be offset by savings.
- f) recommend that the Governing Body agrees to the operating and capital budgets incorporating the above rating and other changes and the following other key changes to rates policy and capital and operating budgets for the final Annual Budget 2017/18 as below:
- i) \$500,000 operating budget to fund collaborations on homelessness
  - ii) \$10 million of Auckland Transport operating budget to fund mass transit network investigations
  - iii) updated capital budgets for City Rail Link which reflect an increase of \$240 million in council's share of net capital investment by 2024/25 (revised total

- council investment of \$1.7 billion)
- iv) an additional \$161 million capital budget to accelerate transport investment (including \$30 million for mass transit land acquisition)
  - v) \$7.2 million of additional capital budget for works on either side of the Skypath construction
  - vi) \$10 million of capital budget for cruise ship infrastructure
  - vii) \$20 million of stormwater capital budget brought forward from future years to address weather event resilience
  - viii) additional capital budget of \$10.2 million for Regional Facilities Auckland to construct a shared plant facility for services to the Town Hall and Aotea Centre
  - ix) waste management services and charges be standardised in accordance with staff recommendations
  - x) Manukau, Uptown and Wiri business improvement districts be expanded in accordance with staff recommendations.

The motion was taken in parts.

MOVED by Mayor P Goff, seconded by Chairperson R Clow:

That the Finance and Performance Committee:

- a) recommend that the Governing Body agree to an average increase to both the fixed and variable portions of the general rate for existing ratepayers of 2.5 per cent for the final Annual Budget 2017/18.

*IMSB Member T Henare left the meeting at 10.44am.*

*IMSB Member T Henare returned to the meeting at 10.53am.*

*Cr S Stewart retired from the meeting at 10.58am.*

MOVED by Cr D Lee, seconded by Cr C Fletcher, an amendment by way of replacement:

That the Finance and Performance Committee:

- a) recommend that the Governing Body agree to an average increase to both the fixed and variable portions of the general rate for existing ratepayers of 2.0 per cent for the final Annual Budget 2017/18.

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 C Fletcher	Cr C Casey	
Cr D Lee	Deputy Mayor B Cashmore	
Cr D Quax	Chairperson R Clow	
Cr G Sayers	Cr E Collins	
Cr W Walker	Cr L Cooper	
Cr J Watson	Cr C Darby	
	Cr A Filipaina	
	Mayor P Goff	
	IMSB Member T Henare	
	Cr R Hills	
	Cr P Hulse	
	IMSB Member T Kake	
	Cr M Lee	
	Cr D Newman	
	Deputy Chairperson D Simpson	
	Cr J Walker	

The amendment was declared LOST by 6 votes to 16.

The meeting adjourned at 11.47am and reconvened at 11.58am

Resolution number FIN/2017/76

MOVED by Mayor P Goff, seconded by Chairperson R Clow the substantive motion :

**That the Finance and Performance Committee:**

- a) **recommend that the Governing Body adopts an average increase to both the fixed and variable portions of the general rate for existing ratepayers of 2.5 per cent for the final Annual Budget 2017/18.**
- b) **recommend that the Governing Body agrees to amend the council's Revenue and Financing Policy to pause the Long-Term Differential Strategy for the 2017/18 year and extend the time to reach the target proportion of 25.8 per cent of rates from the business sector until 2037/38.**

**CARRIED**

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 C Casey	Cr C Fletcher	
Deputy Mayor B Cashmore	Cr M Lee	
Chairperson R Clow	Cr D Quax	
Cr E Collins	Cr G Sayers	
Cr L Cooper		
Cr C Darby		
Cr A Filipaina		
Mayor P Goff		
IMSB Member T Henare		
Cr R Hills		
Cr P Hulse		
IMSB Member T Kake		
Cr D Lee		
Cr D Newman		
Deputy Chairperson D Simpson		
Cr J Walker		
Cr W Walker		
Cr J Watson		

The motion was declared CARRIED by 18 votes to 4.

Pursuant to Standing Order 1.8.6 Cr L Cooper requested her vote against resolution b) be recorded.

Cr L Cooper and Cr P Hulse declared conflicts of interest on this item and left the meeting.

*Cr L Cooper left the meeting at 12.10pm*

*Cr P Hulse left the meeting at 12.10pm*

*IMSB Member T Henare left the meeting at 1.31pm*

*Cr J Walker left the meeting at 1.31pm*

*IMSB Member T Henare returned to the meeting at 1.39pm*

*Cr J Walker returned to the meeting at 1.41pm.*

The meeting adjourned at 1.41pm for lunch and reconvened at 2.10pm

Councillors W Walker, Watson, Sayers, and Quax were not present.

*Cr Watson returned to the meeting at 2.14pm*



*Cr Quax returned to the meeting at 2.16pm*  
*Cr W Walker returned to the meeting at 2.16pm*  
*Cr G Sayers returned to the meeting at 2.16pm*

Resolution number FIN/2017/77

MOVED by Cr C Casey, seconded by Cr C Fletcher:

**That the Finance and Performance Committee:**

- a) **agree to extend Cr M Lee's speaking time by 2 minutes to complete his address.**

**CARRIED**

Resolution number FIN/2017/78

MOVED by Cr C Fletcher, seconded by Cr C Casey:

**That the Finance and Performance Committee:**

- a) **agree to extend Cr D Newman's speaking time by 2 minutes to complete his address.**

**CARRIED**

Resolution number FIN/2017/79

MOVED by Cr D Newman, seconded by Cr C Fletcher:

**That the Finance and Performance Committee:**

- b) **agree to extend Cr Quax's speaking time to complete his address.**

**CARRIED**

Resolution number FIN/2017/80

MOVED by Cr A Filipaina, seconded by Cr W Walker:

**That the Finance and Performance Committee:**

- a) **agree to extend Mayor Goff's speaking time by 2 minutes to complete his address.**

**CARRIED**

Resolution number FIN/2017/81

MOVED by Mayor P Goff, seconded by Chairperson R Clow:

**That the Finance and Performance Committee:**

- c) **recommend that the Governing Body, as part of the final Annual Budget 2017/18, agrees to a targeted rate on commercial accommodation providers to fund a proportion of the visitor attraction and major events expenditure of Auckland Tourism, Events and Economic Development (ATEED) as follows:**
- i) **the amount of the targeted rate is set at 50 per cent of Auckland Tourism, Events and Economic Development's budgeted expenditure on visitor attraction and major events, being \$13.45 million**
  - ii) **in consideration of the distribution of benefits and affordability for commercial accommodation providers, they be categorised by type into three tiers:**
    - **Tier 1 comprising hotels and serviced apartments**
    - **Tier 2 comprising motels, lodges and motel-like accommodation in campgrounds**
    - **Tier 3 comprising other accommodation providers such as backpackers, campgrounds and hostels**

- iii) in further consideration of the distribution of benefits for commercial accommodation providers, they be categorised by location into three zones:
- Zone A comprising the local board areas of Albert-Eden, Devonport-Takapuna, Mangere-Otahuhu, Maungakiekie-Tamaki, Orakei, Waitemata
  - Zone B comprising the local board areas of Henderson-Massey, Hibiscus and Bays, Howick, Kaipatiki, Manurewa, Otara-Papatoetoe, Puketapapa, Upper Harbour, Waiheke, Whau
  - Zone C comprising the local board areas of Franklin, Great Barrier, Papakura, Rodney and Waitakere Ranges

- iv) the targeted rate is applied on a differential basis based on the type and location as set out in the following table:

Differential ratios		Provider type		
		Hotels and serviced apartments	Motels and Lodges (including motel-like accommodation at campgrounds)	Other (Backpackers, campgrounds, hostels)
Location	Zone A	1.0	0.6	0.0
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	Zone C	0.0	0.0	0.0

Note: The change from the original proposal is set out in paragraph 21.

- v) the council will consider applications for remission under its existing rate remission scheme (Remission of rates for miscellaneous purposes), for example where the owner/ratepayer are separate from the accommodation operator and the nature of the relationship between the parties means the targeted rate is unable to be passed on to the accommodation operator
- vi) staff report back on the development of a more targeted remission scheme as part of the Long-term Plan 2018-2028
- vii) staff report back on a proposal for 2018/19 for the inclusion of informal accommodation providers currently being rated as residential properties
- viii) staff report back on a proposal for the introduction of alternative governance arrangements of Auckland Tourism, Events and Economic Development, including greater participation for commercial accommodation providers appropriate to their level of funding of Auckland Tourism, Events and Economic Development's activities
- ix) the council's Revenue and Financing Policy be amended to provide for targeted rates to be used to fund visitor and external relations, destination and marketing and major events in the Economic Growth and Visitor Economic activity
- x) the \$13.45 million of general ratepayer funding no longer required to fund Auckland Tourism, Events and Economic Development be used to fund transport infrastructure projects, specifically mass transit to the airport and other airport access improvement projects
- xi) note that Auckland Tourism, Events and Economic Development's future role and activities will be considered as part of the Long-term Plan 2018-2028

- xii) **note that the Mayor is open to discussing with the industry any proposals it wishes to put forward for an industry-led and funded regional tourism organisation as a partial or complete alternative to using a targeted rate to fund Auckland Tourism, Events and Economic Development's tourism promotion activities.**

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

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Cr C Casey	Cr C Fletcher	IMSB Member T Henare
Deputy Mayor B Cashmore	Cr M Lee	
Chairperson R Clow	Cr D Newman	
Cr E Collins	Cr D Quax	
Cr C Darby	Cr G Sayers	
Cr A Filipaina	Cr J Walker	
Mayor P Goff	Cr W Walker	
Cr R Hills	Cr J Watson	
IMSB Member T Kake		
Cr D Lee		
Deputy Chairperson D Simpson		

The motion was declared CARRIED by 11 votes to 8.

CARRIED

*Cr L Cooper returned to the meeting at 2.55pm.  
Cr P Hulse returned to the meeting at 2.55pm.*

Resolution number FIN/2017/82

MOVED by Mayor P Goff, seconded by Chairperson R Clow:

**That the Finance and Performance Committee:**

- d) **recommend that the Governing Body agrees to amend the council's Revenue and Financing Policy to facilitate future proposals to the Governing Body on the use of targeted rates to fund growth infrastructure.**

CARRIED UNANIMOUSLY

*Cr A Filipaina left the meeting at 3.28pm.  
Cr G Sayers left the meeting at 3.31pm.  
Cr A Filipaina returned to the meeting at 3.35pm.*

Resolution number FIN/2017/83

MOVED by Mayor P Goff, seconded by Chairperson R Clow:

**That the Finance and Performance Committee:**

- e) **recommend to the Governing Body that Auckland Council group implements a living wage policy over the council term to October 2019 as follows:**
- i) **the rate will initially be based on the reference living wage published by the Living Wage Movement Aotearoa New Zealand for 2017 being \$20.20, and thereafter will be calculated based on council wage inflation**
  - ii) **the living wage applies to Auckland Council and its substantive council-controlled organisations and excludes contractors and volunteers**
  - iii) **a phased implementation approach be employed to ensure the greatest benefit is received by people earning lower than a living wage in priority to addressing relativity issues**

- iv) a complementary Trainee, Cadet, Intern and Apprenticeship rate is developed
- v) the operating budget for the final Annual Budget 2017/18 include costs of \$1.9 million for living wage policy implementation and that this be offset by savings.

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

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Cr C Casey	Cr L Cooper	Deputy Chairperson D Simpson
Deputy Mayor B Cashmore	Cr D Lee	
Chairperson R Clow	Cr D Quax	
Cr E Collins		
Cr C Darby		
Cr A Filipaina		
Cr C Fletcher		
Mayor P Goff		
IMSB Member T Henare		
Cr R Hills		
Cr P Hulse		
IMSB Member T Kake		
Cr M Lee		
Cr D Newman		
Cr J Walker		
Cr W Walker		
Cr J Watson		

The motion was declared CARRIED by 17 votes to 3.

CARRIED

Resolution number FIN/2017/84

MOVED by Cr C Fletcher, seconded by Cr D Newman:

**That the Finance and Performance Committee:**

- a) agree at 3.47pm, pursuant to standing order 1.1.3, that an extension of time until its business is concluded be granted.

CARRIED

*Cr G Sayers returned to the meeting at 3.47pm.*

*Cr J Walker retired from the meeting at 3.52pm.*

Resolution number FIN/2017/85

MOVED by Mayor P Goff, seconded by Chairperson R Clow:

**That the Finance and Performance Committee:**

- f) recommend that the Governing Body agrees to the operating and capital budgets incorporating the above rating and other changes and the following other key changes to rates policy and capital and operating budgets for the final Annual Budget 2017/18 as below:
  - i) \$500,000 operating budget to fund collaborations on homelessness
  - ii) \$10 million of Auckland Transport operating budget to fund mass transit network investigations
  - iii) updated capital budgets for City Rail Link which reflect an increase of \$240 million in council's share of net capital investment by 2024/25 (revised total council investment of \$1.7 billion)

- iv) an additional \$161 million capital budget to accelerate transport investment (including \$30 million for mass transit land acquisition)
- v) \$7.2 million of additional capital budget for works on either side of the Skypath construction
- vi) \$10 million of capital budget for cruise ship infrastructure (the Inner Dolphin)
- vii) \$20 million of stormwater capital budget brought forward from future years to address weather event resilience
- viii) additional capital budget of \$10.2 million for Regional Facilities Auckland to construct a shared plant facility for services to the Town Hall and Aotea Centre
- ix) waste management services and charges be standardised in accordance with staff recommendations
- x) Manukau, Uptown and Wiri business improvement districts be expanded in accordance with staff recommendations.

**CARRIED**

Note: Pursuant to Standing Order 1.8.6. the following councillors requested that their dissenting votes be recorded:

- Cr L Cooper against clause i)
- Cr D Quax against clauses i), ii) and v)
- Cr G Sayers against clauses i) and v).

MOVED by Cr M Lee, seconded by Cr J Watson, moved a motion:

That the Finance and Performance Committee:

- g) agree that the liquidation of the Diversified Financial Asset (DFA) portfolio represents destruction of value for Auckland ratepayers and therefore the sell down should be halted and the DFA portfolio transferred back to Auckland Council Investment Limited.

After receiving the advice that a full report for an informed decision to be made on this matter would be considered at the 20 June 2017 meeting, the chair ruled the motion out of order.

**Attachments**

- A 1 June 2017 Finance and Performance Committee - Item 12 Final Annual Budget 2017/2018 - Mayoral Proposal - presentation

**13 Consideration of Extraordinary Items**

There were no extraordinary items.

4.22pm

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:**.....