

I hereby give notice that an ordinary meeting of the Finance and Performance Committee will be held on:

Date: Tuesday, 17 April 2018
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

**Komiti ā Pūtea, ā Mahi Hoki /
Finance and Performance Committee
OPEN ADDENDUM AGENDA**

MEMBERSHIP

Chairperson	Cr Ross Clow	
Deputy Chairperson	Cr Desley Simpson, JP	
Members	Cr Josephine Bartley	Cr Penny Hulse
	Cr Dr Cathy Casey	Cr Mike Lee
	Deputy Mayor Bill Cashmore	Cr Daniel Newman, JP
	Cr Fa'anana Efeso Collins	Cr Dick Quax
	Cr Linda Cooper, JP	Cr Greg Sayers
	Cr Chris Darby	Cr Sharon Stewart, QSM
	Cr Alf Filipaina	IMSB Chair David Taipari
	Cr Hon Christine Fletcher, QSO	Cr Sir John Walker, KNZM, CBE
	Mayor Hon Phil Goff, CNZM, JP	Cr Wayne Walker
	Cr Richard Hills	Cr John Watson
	IMSB Member Terrence Hohneck	

(Quorum 11 members)

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12 April 2018

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Budget update April 2018

File No.: CP2018/04269

Te take mō te pūrongo / Purpose of the report

1. To approve unbudgeted expenditure in FY 2017/2018 for kauri dieback measures in the Hunua Ranges Regional Park and the Waitākere Ranges Regional Park.

Whakarāpopototanga matua / Executive summary

2. The Finance and Performance Committee holds delegation for establishing and managing a structured approach to the approval of unbudgeted expenditure, which reinforces value for money and an expectation of tight cost control.
3. This report supports the committee in exercising that delegation by presenting the proposed budget changes summarised below. Full details of these items have been collected from relevant business areas of the council and provided in the later part of the report.

Kauri dieback

4. Kauri dieback disease is spreading across the region and there is significant technical uncertainty around how best to control it. While the incidence and proliferation of kauri dieback disease is most known within the Waitākere Ranges, Auckland Council has a responsibility to stop the spread of kauri dieback across the Auckland region. This responsibility is reflected in the proposed Regional Pest Management Plan that prioritises preventing disease spread to the apparently disease-free areas of Hunua Ranges Regional Park and Hauraki Gulf islands.
5. On 10 April 2018, the Environment and Community Committee approved, amongst other things, specific kauri dieback measures in the Hunua Ranges Regional Park and the Waitākere Ranges Regional Park such as track and area closures. It recommended the Finance and Performance Committee approve up to \$740,000 of unbudgeted expenditure in FY 2017/2018 resulting from that decision. The recommended amount took into consideration the risk around contractor availability and the proximity to the end of the financial year.
6. The proposed expenditure covers a compliance and enforcement programme, communications and engagements, two full-time equivalent staff for the rest of the financial year, track improvements, hygiene station upgrades, car park and track entrance barriers, and signage costs. These costs are predominately operational in nature, except \$85,000 for hygiene stations that can be capitalised.
7. Auckland Council's Long-term Plan 2018-2028 (LTP) proposes to significantly increase investment in kauri dieback management across the region. If either of the proposed LTP environmental protection options is adopted, additional expenditure to give effect to the closures from FY 2018/2019 onwards will be prioritised above the previously planned for activity.

Overall budget impact

8. Overall the financial impacts of the unbudgeted expenditure considered in this report are summarised below:

- \$740,000 increase in net borrowing for FY 2017/2018
- \$662,000 impact on the group operating result for FY 2017/2018
- \$76,000 additional general rates requirement for FY2018/2019.

Item (\$m)	FY18 Debt	FY18 Result	FY19 General Rates
Kauri dieback measures in Hunua and Waitākere Ranges	\$740,000	(\$662,000)	\$76,000

Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

- approve up to \$740,000 of additional expenditure in FY 2017/2018 (\$655,000 in operating expenditure and \$85,000 in capital expenditure) to manage kauri dieback, particularly relating to measures in the Hunua Ranges Regional Park and the Waitākere Ranges Regional Park.
- note that two additional full-time equivalent employees and out-sourced contractors will be required to manage the closures for the remainder of FY 2017/2018.
- note that if either of the proposed Long-term Plan 2018-2028 environmental protection options is adopted, any additional expenditure to give effect to the closures from FY 2018/2019 onwards will need to be prioritised above previously planned activities for kauri dieback work, such as track improvements, upgrades, landowner support, hygiene station upgrades and washdown facilities.

Kauri dieback

Horopaki / Context

- In April 2018, following targeted engagement and consultation, the Environment and Community Committee approved proposals to manage kauri dieback disease in the Waitākere Ranges and Hunua Ranges regional parks via track and area closures.
- For the Hunua Ranges Regional Park, higher risk tracks as refined and agreed with mana whenua and the Franklin Local Board, were agreed to be closed from 1 May 2018.
- For the Waitākere Ranges Regional Park, following agreement of the exceptions with Te Kawerau ā Maki, the Environment and Community Committee approved the closure of the forested areas, with exceptions, by 1 May 2018.
- These activities will be supported by and give effect to controlled area notices planned to be implemented by the Ministry for Primary Industries (MPI).
- The park closures and enforcement actions agreed to by the Environment and Community Committee involve unbudgeted expenditure, as described in both the December 2017 and February 2018 reports and as reflected by resolutions passed by the Environment and Community Committee in April 2018.

Tātaringa me ngā tohutohu / Analysis and advice

14. The resolutions represent \$1.18 million of unbudgeted work. Given contractor availability and the proximity to the end of the financial year, the Environment and Community Committee recommended that the Finance and Performance Committee approve unbudgeted expenditure of up to \$740,000 for FY 2017/2018.
15. The proposed expenditure of \$740,000 represents a more achievable amount for the remainder of the financial year. As outlined in the table under the financial implications section, it covers a compliance and enforcement programme, communications and engagements, two full-time equivalent staff for the rest of the financial year, track improvements, hygiene station upgrades, car park and track entrance barriers, and signage costs. These costs are predominately operational in nature, except \$85,000 for hygiene stations that can be capitalised. These are the costs council incurs through its closures as a landowner.
16. The Ministry for Primary Industries is responsible for the implementation of the controlled area notices. It will fund the legal aspects relating to the development of the controlled area notices, a media campaign, signage relating to the controlled area notices, training of compliance officers and the effectiveness monitoring of the controlled area notices. The amount MPI will contribute to signage and media campaigns is yet to be determined, but the recommended amount for unbudgeted expenditure of \$740,000 relates only to the costs the council would incur.
17. This expenditure cannot be accommodated within the existing parks or biosecurity budget, nor can it be prioritised over other expenses without adversely impacting agreed levels of service. Decisions agreed to by the Environment & Community Committee in relation the kauri dieback could not be implemented in this financial year, should the Finance and Performance Committee decide not to approve the unbudgeted expenditure.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

18. 10 local boards provided formal feedback on kauri dieback disease through consultation during the drafting of the proposed Regional Pest Management Plan. Nine local boards indicated support for the proposed approach of prioritising prevention of spread to the apparently disease-free areas of Hunua and Hauraki Gulf Islands. The Waitākere Ranges Local Board requested a Waitākere-specific approach with enhanced efforts to halt disease spread.

Hunua Proposal – Franklin Local Board

19. On 27 March 2018, the Franklin Local Board formally considered the Hunua Kauri Dieback Protection proposal at its monthly meeting. In summary, the board supported the intent of the proposed temporary closures of the amended track list to prevent the spread of kauri dieback disease. In addition the board requested:
 - closures be used to manage access in the first instance, with monitoring for inform any full closure discussions
 - track closures align to or cater for the proposed Hunua Trail
 - council staff work with key user groups
 - that when considering investment of funds as proposed in the Long-term Plan that priority be given to prevent the introduction of kauri dieback in the Hunua Ranges (Resolution number FR/2018/1).

Waitākere Ranges Proposal – Waitākere Ranges Local Board

20. At the 22 March 2018 Waitākere Ranges Local Board meeting, the board provided formal feedback on the proposed kauri dieback management approach for the Waitākere Ranges. The board noted:
- urgent action was required to save kauri
 - that all tracks in the forested area of the Waitākere Ranges needed to be closed, with only coastal beaches, coastal walks without kauri, and service roads remaining open
 - concern around certain tracks remaining open as they will degrade faster due to increased visitor numbers, and this added pressure will make it more challenging to stop the spread of kauri dieback
 - the need for a comprehensive long-term plan for the future of the Waitākere Ranges Regional Park to determine where public access can be provided, while still protecting kauri
 - a process needed to be developed around when tracks can be reopened, and Te Kawerau ā Maki and the community needed to be involved in this process (WTK/2018/14)

Tauākī whakaaweawe Māori / Māori impact statement

Tāmaki Makaurau

21. Kauri is a keystone species which supports a distinct New Zealand forest ecosystem, sustaining indigenous flora and fauna. Kauri is a taonga species and Auckland Council, in partnership with Māori, have a responsibility for the protection of the spiritual, economic and ecological values associated with this taonga and the ecosystems it supports.
22. Tāmaki Makaurau mana whenua kaitiaki kaimahi representatives have stressed the importance of the kauri species and a desire to work more closely with the council and the Department of Conservation on this kaupapa. Staff will work with mana whenua on the regional approach to kauri dieback management on a site by site basis.

Hunua Ranges Regional Park

23. The Hunua Ranges are of historical, customary, cultural and spiritual significance to Ngāi Tai ki Tāmaki, Ngāti Koheriki, Ngāti Tamaoho, Ngāti Pāoa, and Ngaati Whanaunga. Three tribal authorities also have kaitiakitanga status; Ngāti Maru Rūnanga, Ngāti Te Ata Waiohua and Tainui – Waikato.
24. As part of the Healthy Hunua pest control programme from 2015 the council has worked with mana whenua within the Hunua Ranges rohe (Ngāi Tai ki Tāmaki, Ngāti Whanaunga, Ngāti Pāoa and Ngāti Tamaoho). Discussions on how to address the kauri dieback challenge in the Hunua Ranges Regional Park are in progress and mana whenua representatives provided feedback on the proposal.
25. In these discussions mana whenua representatives expressed concern about the potential cumulative impact of kauri dieback, myrtle rust and other pests and the threat they present to the health of the forest.
26. In discussing the proposal to close tracks for kauri dieback protection, mana whenua representatives supported, in principle, the closure of tracks for kauri protection, but mana whenua would like a joined up discussion on managing forest health and the role of tikanga Māori (traditional cultural protocols, such as rāhui).
27. A partnership discussion will be progressed by working towards an updated Hunua Ranges management plan that would include the management of all public lands. Council staff will work towards this with mana whenua and external partners, including the Department of Conservation.

Waitākere Ranges Regional Park

28. The Waitākere Ranges Regional Park lies within the rohe of Te Kawerau ā Maki and Ngāti Whātua, which is acknowledged in the Waitākere Ranges Heritage Area Act 2008. It forms part of Te Waonui a Tiriwa, which is the heartland of Te Kawerau ā Maki.

Te Kawerau ā Maki

29. Te Kawerau ā Maki view kauri in very high regards as *‘both living tupuna and as raNgātira of the forest’*. Te Kawerau mātauranga also records that kauri support the growth of at least 17 plant species in addition to fungi and animals and are integral to a healthy forest where food and medicine are collected. Their connection to the health of the forest is such that decline in kauri is an indicator that the mauri of the forest is at stake, and that ultimately *‘if Te Waonui a Tiriwa perishes so too does the iwi.’*
30. Te Kawerau ā Maki have stated that kauri dieback and the declining health of Waitākere forest are existential threats to the iwi. Te Kawerau ā Maki have also stated they have a sacred obligation to protect the forest as kaitiaki.
31. In early December 2017, Te Kawerau ā Maki placed a rāhui over the ‘Waitākere forest itself (the ‘ecological catchment’) to quarantine or prevent human access. They have described that ‘as a matter of tikanga the purpose of the rāhui is to enable the environment to recuperate and regenerate without the presence and impacts of humans. Its purpose is both physical and spiritual protection.’
32. Council staff have been in ongoing discussions with Te Kawerau ā Maki about how to address the kauri dieback challenge in the Waitākere Ranges. Council staff will continue discussions with Te Kawerau ā Maki on the implementation of the kauri dieback protection programme for the Waitākere Ranges including tikanga and agreed communications around any rolling openings.

Ngāti Whātua

33. The council has been in correspondence with the three Ngāti Whātua authorities: Ngāti Whatua Ōrākei, Ngāti Whātua o Kaipara and Te Rūnanga o Ngāti Whātua.
34. Ngāti Whātua Ōrākei has reiterated that it ‘supports in full the position of [their] whanaunga of Te Kawerau ā Maki’. Nga Maunga Whakahii o Kaipara Development Trust has confirmed that Ngāti Whātua have a close association with Waitākere and the extensive Kauri Ngahere across Kaipara and that they are interested in maintaining close communication on this matter. In addition, the Nga Maunga Whakahii o Kaipara Development Trust has written in support of the Te Kawerau ā Maki rāhui.

Ngā ritenga ā-pūtea / Financial implications

35. The unbudgeted expenditure of \$740,000 for FY 2017/2018 is broken down in the table below, consisting of \$655,000 of operating expenditure and \$85,000 of capital expenditure.

\$m	FY18	FY19	FY20	10-year impact
Additional operating expenditure	655,000	0	0	655,000
Kauri dieback online survey and engagement costs (targeted consultation)	15,000	0	0	15,000
Additional ambassadors at track entrances (fixed contract staff)	15,000	0	0	15,000
Compliance and enforcement programme (contractors to undertake patrols)	230,000	0	0	230,000
Potential loss of revenue from concessionaires	40,000	0	0	40,000
Communications and engagement regarding closures (council’s costs, separate to MPI costs)	100,000	0	0	100,000

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\$m	FY18	FY19	FY20	10-year impact
Extra supplies for hygiene stations	5,000	0	0	5,000
Track improvements prior to May 1st (extra aggregate)	130,000	0	0	130,000
Car park closures (materials and installation of barriers)	30,000	0	0	30,000
Track entrance closures (materials and installation of barriers)	50,000	0	0	50,000
Signage costs (updating direction signage and closed track signage). MPI covering controlled area notice signage).	40,000	0	0	40,000
Additional capital expenditure	85,000	0	0	85,000
Hygiene station upgrades in Waitākere and Hunua Ranges	85,000	0	0	85,000
Any other funding sources	0	0	0	0
Total requested additional funding	740,000	0	0	740,000

36. A key cost relates to the compliance and enforcement programme. It is based on the targeted patrols compliance approach and would involve an up-front 'blitz', at a number of track entrances at both the Hunua and Waitākere Ranges Regional Parks ensuring compliance with the controlled area notice requirements and enforcing the closures. The delivery of the programme would involve two full-time equivalent staff and out-sourced contractors for the rest of FY 2017/2018.
37. It should be noted that the additional funding of \$740,000 relates to the current financial year only, where it would have to be funded from additional borrowing. Decisions and budget implications for future kauri dieback management are being considered within the broader environmental protection proposal as part of the LTP process. Environmental protection is proposed to be funded from the Natural Environment Targeted Rate.
38. If neither of the proposed LTP environmental protection options is adopted, it is likely that funding for any additional kauri dieback measures from 2018/2019 onwards would need to be considered in FY 2018/2019. It is important to note that managing compliance with controlled area notices and significant closures were not anticipated at the time the Natural Environment Targeted Rate proposals were drafted.
39. If either of the proposed LTP environmental protection options is adopted, any additional expenditure to give effect to these closures from FY 2018/2019 onwards will be prioritised above track improvements, upgrades and other aspects of the kauri dieback programme such as landowner support, hygiene station upgrades and washdown facilities.

40. In addition, the unbudgeted expenditure, if approved, would have a flow-on effect on key focus areas within the Chief Executive's performance objectives. These impacts are outlined below.

\$m	FY18	FY19	FY20	10-year impact
FTEs requested	2	0	0	
Salaries and wages expense	35,000	0	0	35,000
Professional and consultancy expense	0	0	0	0
Travel expense	0	0	0	0

Ngā raru tūpono / Risks

41. Risks exist in the potential unintended spread of the disease to uninfected areas. By focusing biosecurity activity in the Waitākere Ranges there is the potential to cause increased human activity within apparently disease-free areas such as the Hunua Ranges. As protection of these disease-free sites is the top regional priority for kauri dieback management, decisions in relation to Waitākere need to be cognisant of mitigating perverse effects in disease-free areas.
42. Technical risks relate to a number of uncertainties within the kauri dieback programme. A key issue is the unknown lag time between disease spread and observable symptoms, which limits our understanding of how effective various management options are.
43. A significant investment may not stop the spread of the disease. Factors such as natural waterborne movement of the disease within catchments are poorly understood and not addressed by any of the current investment options.
44. Risks also exist in relation to dependence on external agencies to progress this programme, notably a National Pest Management Plan and controlled area notice. This risk can, to some extent, be mitigated by continuing to progress the adoption of an operative Regional Pest Management Plan.
45. There are potential risks to other recreation areas through the displacement of visitors from closed kauri areas. This may place pressure on parks infrastructure including ongoing maintenance costs. In addition, it may also impact on visitor experience.

Ngā koringa ā-muri / Next steps

46. Pending approval for this unbudgeted expenditure staff will work in partnership with the Ministry of Primary Industries to implement the controlled area notices. Staff have been working at pace to prepare for potential 1 May 2018 options, although it may be that not all hard track entrances are closed off by this date. Nonetheless, the messages will be clearer and council staff are working closely with the Ministry for Primary Industries on both closing the forested areas of the Waitākere Ranges Regional Parks and higher risk tracks in the Hunua Ranges Regional Park, and rolling out the controlled area notices.
47. Post confirmation of funding options for the next 10 years, staff will work to prioritise, agree and communicate the timeline for any rolling openings, as resources, consents and contractors.
48. Council staff will continue to work with the Ministry for Primary Industries and other members of the national programme to develop a National Pest Management Plan and other outputs agreed to by the national governance group.
49. As there are significant technical risks relating to the understanding of kauri dieback disease and the scale of the closures, the use of a controlled area notice to manage a disease such as kauri dieback is untested. Council staff will be monitoring the effectiveness of the closures and working with the Ministry of Primary Industries to monitor compliance with the controlled area notice. Staff will report back to the Environment and Community Committee to ensure that the actions that were taken achieved the desired outcomes.

Ngā tāpirihanga / Attachments

There are no attachments for this report.

Ngā kaihaina / Signatories

Authors	Neil Huang - Principal Advisor Susan Jiang Su – Finance Graduate
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