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# Kōmiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee

## OPEN MINUTES

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Minutes of an extraordinary meeting of the Finance and Performance Committee held in the Reception Lounge, Auckland Town Hall, 301-305 Queen Street, Auckland on Thursday, 16 July 2020 at 10.01am.

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### PRESENT

<b>Chairperson</b>	Cr Desley Simpson, JP	
<b>Deputy Chairperson</b>	Cr Shane Henderson	
<b>Members</b>	Cr Josephine Bartley	From 10.12am, Item 9
	IMSB Member Renata Blair	
	Cr Dr Cathy Casey	
	Deputy Mayor Cr Bill Cashmore	
	Cr Fa'anana Efeso Collins	From 10.06am, Item 7
	Cr Pippa Coom	
	Cr Linda Cooper, JP	
	Cr Angela Dalton	
	Cr Chris Darby	From 10.16am, Item 9
	Cr Alf Filipaina	
	Cr Christine Fletcher, QSO	By electronic link from 10.06am, Item 7
	Mayor Hon Phil Goff, CNZM, JP	
	Cr Richard Hills	
	Cr Tracy Mulholland	
	Cr Daniel Newman, JP	From 10.09am, Item 8
	Cr Greg Sayers	From 10.04am, Item 7
	Cr Sharon Stewart, QSM	
	IMSB Chair David Taipari	
	Cr Wayne Walker	
	Cr John Watson	
	Cr Paul Young	

### ALSO PRESENT

Andy Baker, Chair	Franklin Local Board
Troy Elliot	Ōrākei Local Board

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## 1 Apologies

There were no apologies.

Resolution number FIN/2020/28

MOVED by Chairperson D Simpson, seconded by Cr W Walker:

**That the Finance and Performance Committee:**

**a) approve the electronic attendance of:**

- Cr C Fletcher

**CARRIED**

Note: Subsequently an apology for lateness was received from Cr Darby.

## 2 Declaration of Interest

Cr R Hills declared an interest in Item 9 – Emergency Budget 2020/2021 – Asset Recycling – Item 24, 107 Lynn Road, Bayview.

## 3 Petitions

There was no petitions section.

## 4 Public Input

There was no public input section.

## 5 Local Board Input

There was no local board input section.

## 6 Extraordinary Business

There was no extraordinary business.

## 7 Overview to decision making for the Emergency Budget 2020/2021

*Cr G Sayers joined the meeting at 10.04am.*

*Cr E Collins joined the meeting at 10.06am.*

*Cr C Fletcher joined the meeting at 10.06am.*

Resolution number FIN/2020/29

MOVED by Chairperson D Simpson, seconded by Cr S Henderson:

**That the Finance and Performance Committee:**

- a) **receive this report as an overview of the process followed since March 2020**
- b) **note that other decisions required to finalise the Emergency Budget 2020/2021 are set out in separate reports on this agenda.**

**CARRIED**

## 8 Emergency Budget 2020/2021 - local board input

*Cr D Newman joined the meeting at 10.09am.*

Resolution number FIN/2020/30

MOVED by Chairperson D Simpson, seconded by Cr S Henderson:

**That the Finance and Performance Committee:**

- a) **consider feedback from local boards when making recommendations to the Governing Body on the Emergency Budget 2020/2021.**

**CARRIED**

## 9 Emergency Budget 2020/2021 - Asset Recycling

Cr R Hills declared an interest in Item 9 – Emergency Budget 2020/2021 – Asset Recycling – Item 24, 107 Lynn Road, Bayview and took no part in discussion or voting on this property.

*Cr J Bartley joined the meeting at 10.12am.*

*Cr C Darby joined the meeting at 10.16am.*

Resolution number FIN/2020/31

MOVED by Chairperson D Simpson, seconded by Cr T Mulholland:

**That the Finance and Performance Committee:**

- a) **approve the principles set out in paragraph 15 of the agenda report supporting the implementation of the asset recycling budget**
- b) **request that the Audit and Risk Committee review the property rationalisation process and make any recommendations for improvement**
- c) **recommend that Governing Body approve, subject to the satisfactory conclusion of any required statutory processes (including Mana Whenua engagement) the disposal of the properties detailed in Schedule A with the final terms and conditions to be approved under the appropriate delegations.**

**CARRIED**

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

- Cr C Darby, Item 9, 3 Victoria Road, Devonport
- Cr R Hills, Item 9, 3 Victoria Road, Devonport.

The meeting adjourned at 11.13am and reconvened at 11.33am.

Cr A Filipaina was not present.

## 10 Rates Issues for the Emergency Budget 2020/2021

Note: staff advised that there was an error in paragraph 60 of the agenda report. The following wording should be deleted from bullet point seven – “to \$200.91”.

*Cr A Filipaina returned to the meeting at 11.40am.*

Resolution number FIN/2020/32

MOVED by Cr S Henderson, seconded by Cr L Cooper:

**That the Finance and Performance Committee:**

- a) **recommend to the Governing Body that it adopt the Rates Remission and Postponement Policy that includes the Postponement of Rates for Ratepayers Impacted by COVID-19 Scheme in Attachment A of the agenda report**
- b) **recommend to the Governing Body that as part of the final Annual Budget 2020/2021 the Accommodation Provider Targeted Rate be suspended until 31 March 2021**
- c) **recommend to the Governing Body that it agree to adopt the Revenue and Financing Policy in Attachment B of the agenda report**
- d) **recommend to the Governing Body that it confirm its in principle decision on 28 May 2020 to amend the rating mechanism in the Funding Impact Statement in the Annual Budget 2020/2021 to:**
  - i) **increase the waste management base service targeted rate to \$141.03 (including GST)**
  - ii) **increase the waste management standard refuse rate in the former Auckland City Council and Manukau City Council areas to \$141.60 (including GST) and increase the large refuse rate for those areas to \$66.55 (including GST)**
  - iii) **include a new targeted rate for the Central Park Henderson BID**
  - iv) **discontinue the rural sewerage pump-out service and targeted rate for ratepayers in the Upper Harbour local board areas effective from 1 July 2021**
- e) **note decisions made previously by Governing Body to amend the Funding Impact Statement in the Annual Budget 2020/2021 to:**
  - i) **include a pool fencing compliance targeted rate**
  - ii) **include a Clevedon wastewater and water connection targeted rate**
  - iii) **include the cost of HomeFit assessment (\$260 plus GST) in the Retrofit-your-home targeted rate for all new applications of more than \$2,000**
  - iv) **include a new targeted rate for the One Warkworth BID**
  - v) **provide for the expansion of the Manukau Central BID**
  - vi) **discontinue the rural sewerage pump-out service and targeted rate for ratepayers in the Henderson-Massey Local Board area effective from 1 July 2021**

- vii) retain the rural sewerage pump-out service for ratepayers in the Waitākere Ranges Local Board area and increase the targeted rate from 1 July 2021 to recover the full cost of providing the service
- f) delegate to the chair of the Finance and Performance Committee and Group Chief Financial Officer to authorise any minor amendments and corrections to the Revenue and Financing Policy and/or the Postponement of Rates for Ratepayers Impacted by COVID-19 Scheme in the Rates Remission and Postponement policy.

**CARRIED**

Note: Pursuant to Standing Order 1.8.6, the following councillors requested their dissenting vote on clause d) i) and ii), be recorded:

- Cr T Mulholland
- Cr D Simpson

The meeting adjourned at 11.47am and reconvened at 12.30pm.

Cr Darby, Cr Sayers and Cr Walker were not present.

Note: Item 11 – Budget decision-making for 2020/2021 and Item 12 – Emergency Budget 2020/2021 – Mayoral Proposal were taken together.

## 11 Budget decision-making for 2020/2021

An overview presentation was given. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

### Attachments

- A 16 July 2020, Finance and Performance Committee: Item 11 - Budget decision-making for 2020/2021 and Item 12 - Emergency Budget 2020/2021 - Mayoral Proposal, Overview presentation

## 12 Emergency Budget 2020/2021 - Mayoral Proposal

*Cr G Sayers returned to the meeting at 12.32pm.*  
*Cr C Darby returned to the meeting at 12.32pm.*  
*Cr W Walker returned to the meeting at 12.35pm.*  
*Cr A Filipaina left the meeting at 12.37pm.*  
*Cr A Filipaina returned to the meeting at 12.48pm.*

Note: changes to the original recommendation were incorporated under clause b) v) with the agreement of the meeting.

Note: new clauses d) to h) were moved as a Chair's recommendation.

MOVED by Mayor P Goff, seconded by Chairperson D Simpson:

That the Finance and Performance Committee:

- a) receive the Emergency Budget Mayoral Proposal in Attachment A of this report.

- b) agree to recommend to the Governing Body that the Emergency Budget (Annual Budget 2020/2021) be based on a package including:
  - i) an average general rate increase of 3.5 per cent
  - ii) an increase to the Uniform Annual General Charge of 3.5 per cent
  - iii) continuation of Long-term Differential Strategy
  - iv) no changes to Regional Fuel Tax, Water Quality Targeted Rate and Natural Environment Targeted Rate
  - v) final budgets for 2020/2021 as set out in the staff report under the 3.5 per cent rates increase option, modified as follows:
    - A) including additional budgets for Watercare in 2020/2021 of \$224 million capital expenditure and \$15 million of operating expenditure to respond to Auckland's drought situation, noting that Watercare will mitigate \$121 million of the impact that this will have on group debt
    - B) updating revenue and funding projections as a consequence of Waka Kotahi fully funding public transport shortfalls from July to December 2020 and confirmation of \$98 million of government funding for fully or partially funded transport projects
    - C) including an additional group-level budget provision of \$98 million of additional transport and three waters capital expenditure in 2020/2021 that is assumed to be fully funded by central government, subject to further information about the projects being received
    - D) noting the \$20m reduction to the budget for 2021 Events including America's Cup
    - E) noting the reinstatement of \$10 million to decrease the proposed reduction in public transport services
    - F) increasing the target for asset recycling in 2020/2021 by an additional \$20 million
    - G) including \$40 million of additional Auckland Transport capital expenditure enabled by the \$15m public transport subsidy from Waka Kotahi in 2020/2021 for road safety and death and serious injury reductions, reinstating asset renewals, and project development work
    - H) including the reinstatement of \$3 million funding for Locally Delivered Initiatives (LDI)
    - I) noting the removal of "Animal shelter consolidation" from the list of parent operational savings to be made in 2020/2021
    - J) including the reinstatement of \$450,000 funding to ensure library hours are not reduced
- c) agree to recommend to the Governing Body that, having had regard to the matters set out in section 100(2)(a) to (d) of the Local Government Act 2002, it is prudent to not balance the budget for the 2020/2021 financial year
- d) acknowledge the record breaking 34,915 pieces of feedback received from the public during the consultation process in May and June 2020
- e) acknowledge and thank Local Boards, Council Controlled Organisations and the Independent Māori Statutory Board for their collaboration and input into the Emergency Budget

- f) note the Emergency Budget includes over \$200 million of savings and cost reductions for the council group; which includes a reduction to staff numbers
- g) note that the introduction of the 'Postponement of Rates for Ratepayers Impacted by COVID-19 Scheme' will offer support to ratepayers who are financially affected by COVID-19
- h) note that the Auckland Council group will continue to deliver a capital investment programme of over \$2.5 billion in FY2020/2021 which will contribute to Auckland's recovery from the impacts of the COVID-19 global pandemic

The meeting adjourned at 3.03pm and reconvened at 3.08pm.

IMSB Member R Blair, Cr C Darby, Cr A Filipaina, Cr S Henderson, Cr G Sayers and IMSB Chair D Taipari were not present.

*IMSB Member R Blair returned to the meeting at 3.09pm,  
Cr G Sayers returned to the meeting at 3.10pm.  
Cr A Filipaina returned to the meeting at 3.10pm.  
Cr C Darby returned to the meeting at 3.11pm.  
IMSB Chair D Taipari returned to the meeting at 3.13pm.  
Cr S Henderson returned to the meeting at 3.18pm.*

At 3.53pm, it was:

Resolution number FIN/2020/33

MOVED by Chairperson D Simpson, seconded by Cr S Henderson:

**That the Finance and Performance Committee:**

- a) **agree to an extension of time to allow the business of the meeting to be completed.**

**CARRIED**

Resolution number FIN/2020/34

MOVED by Mayor P Goff, seconded by Chairperson D Simpson:

**That the Finance and Performance Committee:**

- a) **receive the Emergency Budget Mayoral Proposal in Attachment A of this report.**
- b) **agree to recommend to the Governing Body that the Emergency Budget (Annual Budget 2020/2021) be based on a package including:**
  - i) **an average general rate increase of 3.5 per cent**
  - ii) **an increase to the Uniform Annual General Charge of 3.5 per cent**
  - iii) **continuation of Long-term Differential Strategy**
  - iv) **no changes to Regional Fuel Tax, Water Quality Targeted Rate and Natural Environment Targeted Rate**
  - v) **final budgets for 2020/2021 as set out in the staff report under the 3.5 per cent rates increase option, modified as follows:**
    - A) **including additional budgets for Watercare in 2020/2021 of \$224 million capital expenditure and \$15 million of operating expenditure to respond to Auckland's drought situation, noting that Watercare will mitigate \$121 million of the impact that this will have on group debt**

- B) updating revenue and funding projections as a consequence of Waka Kotahi fully funding public transport shortfalls from July to December 2020 and confirmation of \$98 million of government funding for fully or partially funded transport projects
  - C) including an additional group-level budget provision of \$98 million of additional transport and three waters capital expenditure in 2020/2021 that is assumed to be fully funded by central government, subject to further information about the projects being received
  - D) noting the \$20m reduction to the budget for 2021 Events including America's Cup
  - E) noting the reinstatement of \$10 million to decrease the proposed reduction in public transport services
  - F) increasing the target for asset recycling in 2020/2021 by an additional \$20 million
  - G) including \$40 million of additional Auckland Transport capital expenditure enabled by the \$15m public transport subsidy from Waka Kotahi in 2020/2021 for road safety and death and serious injury reductions, reinstating asset renewals, and project development work
  - H) including the reinstatement of \$3 million funding for Locally Delivered Initiatives (LDI)
  - I) noting the removal of "Animal shelter consolidation" from the list of parent operational savings to be made in 2020/2021
  - J) including the reinstatement of \$450,000 funding to ensure library hours are not reduced
- c) agree to recommend to the Governing Body that, having had regard to the matters set out in section 100(2)(a) to (d) of the Local Government Act 2002, it is prudent to not balance the budget for the 2020/2021 financial year
  - d) acknowledge the record breaking 34,915 pieces of feedback received from the public during the consultation process in May and June 2020
  - e) acknowledge and thank Local Boards, Council Controlled Organisations and the Independent Māori Statutory Board for their collaboration and input into the Emergency Budget
  - f) note the Emergency Budget includes over \$200 million of savings and cost reductions for the council group; which includes a reduction to staff numbers
  - g) note that the introduction of the 'Postponement of Rates for Ratepayers Impacted by COVID-19 Scheme' will offer support to ratepayers who are financially affected by COVID-19
  - h) note that the Auckland Council group will continue to deliver a capital investment programme of over \$2.5 billion in FY2020/2021 which will contribute to Auckland's recovery from the impacts of the COVID-19 global pandemic

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

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Cr J Bartley	Cr C Fletcher	
IMSB Member R Blair	Cr G Sayers	
Cr C Casey	Cr J Watson	
Deputy Mayor BC Cashmore		
Cr E Collins		
Cr P Coom		
Cr L Cooper		
Cr A Dalton		
Cr C Darby		
Cr A Filipaina		
Mayor P Goff		
Cr S Henderson		
Cr R Hills		
Cr T Mulholland		
Cr D Newman		
Chairperson D Simpson		
Cr S Stewart		
IMSB Chair D Taipari		
Cr W Walker		
Cr P Young		

The motion was declared CARRIED by 20 votes to 3.

**CARRIED**

Note: Pursuant to Standing Order 1.8.6, the following councillors requested their dissenting vote be recorded:

- Cr G Sayers, clause b) i)
- Cr W Walker, clause h)

### 13 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

5.04pm

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:**.....