

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

Date: Thursday, 23 March 2023
Time: 9.00am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Tira Hautū / Governing Body

OPEN AGENDA

MEMBERSHIP

Mayor	Wayne Brown	
Deputy Mayor	Cr Desley Simpson, JP	
Councillors	Cr Andrew Baker	Cr Mike Lee
	Cr Josephine Bartley	Cr Kerrin Leoni
	Cr Angela Dalton	Cr Daniel Newman, JP
	Cr Chris Darby	Cr Greg Sayers
	Cr Julie Fairey	Cr Sharon Stewart, QSM
	Cr Alf Filipaina, MNZM	Cr Ken Turner
	Cr Christine Fletcher, QSO	Cr Wayne Walker
	Cr Lotu Fuli	Cr John Watson
	Cr Shane Henderson	Cr Maurice Williamson
	Cr Richard Hills	

(Quorum 11 members)

Sandra O'Toole
Kaiarataki Kapa Tohutohu Mana Whakahaere /
Team Leader Governance Advisors

20 March 2023

Contact Telephone: (09) 890 8152
Email: sandra.otoole@aucklandcouncil.govt.nz
Website: www.aucklandcouncil.govt.nz

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1 Ngā Tamōtanga | Apologies

2 Te Whakapuaki i te Whai Pānga | Declaration of Interest

3 Te Whakaū i ngā Āmiki | Confirmation of Minutes

Click the meeting date below to access the minutes.

That the Governing Body:

- a) confirm the ordinary minutes of its meeting, held on Thursday, [23 February 2023](#), including the confidential section, as a true and correct record.

4 Ngā Kōrero a te Marea | Public Input

4.1 Public Input: Local Government New Zealand - Local Government New Zealand Membership

1. Representatives of Local Government New Zealand will address the Governing Board regarding Local Government New Zealand Membership.
2. Stuart Crosby, President and Sam Broughton, Vice President will speak to the Governing Body regarding Local Government New Zealand Membership.
3. Local Government New Zealand Membership and Appointments is an item for consideration later in the agenda.

4.2 Public Input: Auckland Young Elected Member Network - Local Government New Zealand Membership

1. Representatives of the Auckland Young Elected Member Network will address the Governing Board regarding Local Government New Zealand Membership.
2. Logan Soole and Nerissa Henry will speak to the Governing Body regarding Local Government New Zealand Membership.
3. Local Government New Zealand Membership and Appointments is an item for consideration later in the agenda.

4.3 Public Input: Anna Radford - Auckland Council's co-governance obligations and responsibilities

1. Anna Radford will address the Governing Board regarding Auckland Council's co-governance obligations and responsibilities.
2. Ann Radford will speak to the Governing Body on the following subject:
"A call for Auckland Council to review how it currently delivers its Tūpuna Maunga Authority co-governance obligations and responsibilities, to ensure it demonstrably delivers 'common benefit' to 'the other peoples of Auckland'".

5 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input

6 Ngā Pakihi Autaia | Extraordinary Business

Chief Executive and Group Chief Financial Officer Update

File No.: CP2023/02287

Item 7

Te take mō te pūrongo

Purpose of the report

1. To provide a monthly update to the Governing Body on key matters from the Auckland Council Chief Executive and Group Chief Financial Officer.

Whakarāpopototanga matua

Executive summary

Chief Executive and Group Chief Financial Officer's Update

2. Jim Stabback, Chief Executive and Peter Gudsell, Group Chief Financial Officer will provide a summary of highlights and key activities against the following areas:
 - i) Auckland's response to the weather events and Cyclone Gabrielle
 - ii) City Rail Link Ltd (CRL Ltd) update
 - iii) Financial performance for Auckland Council and the Auckland Council Group
 - iv) Savings programme update
 - v) Key economic/ market information.
3. The monthly financial dashboard was not available at the time the agenda was due for release and will be made available to members prior to the meeting.
4. Each quarter, the Governing Body is provided with an update on the financial and non-financial performance against budget of the Auckland Council Group and Auckland Council through the Quarterly Performance Report (QPR). This includes progress updates on the group's strategic focus areas, key programmes of work, people reporting, and any performance risks and mitigations. Also included are the results of the long-term plan (LTP) performance measures; operating performance (revenue; operating expenses); capital performance (revenue; capital spend); and treasury updates (debt; interest rates and hedging; covenant compliance). The quarter two 2022/2023 QPR is also on the agenda for this meeting.

Economic/ market update

5. Key economic/ market activity and updates are provided below:
 - Annual inflation rate – Consumer Price Index (CPI) 7.2 per cent at end of December 2022 (updated quarterly).
 - Unemployment rate – 3.5 per cent to the end of December 2022 (updated quarterly).
 - Gross Domestic Product quarterly growth to the end of December 2022 was 3.9 per cent.
 - Auckland new dwellings consented numbers – 21,163 for the year ended January 2023 (4.1 per cent higher than the year ended January 2022).
 - The Official Cash Rate (OCR) rate increased to 4.75 per cent on 23 February 2023 from 4.25 per cent.

Item 7

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whiwhi / receive the information provided in this report, the monthly financial dashboard circulated prior to the meeting and verbally presented by the Chief Executive and Group Chief Financial Officer.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Authors	Karuna Dahya - Manager Group Performance Reporting Peter Gudsell - Group Chief Financial Officer Jim Stabback - Tumu Whakarae / Chief Executive
Authoriser	Jim Stabback - Tumu Whakarae / Chief Executive

Auckland Council Group and Auckland Council Quarterly Performance Reports for the six months ended 31 December 2022

File No.: CP2023/02427

Item 8

Te take mō te pūrongo Purpose of the report

1. To provide a performance update for the Auckland Council Group and Auckland Council for the six months to 31 December 2022.

Whakarāpopototanga matua Executive summary

2. On 28 February, the council group's statutory results to 31 December 2022 were released to the public via the NZX website. Now that the results are in the public domain, we are able to provide a more fulsome view of the group's performance to that date.
3. The first half of the financial year saw the Auckland Council Group benefit from Auckland's recovery from the effects of the restrictions related to the COVID-19 pandemic, with greater use of our facilities and services, as well as the ability to progress projects. Despite this, growing financial pressures such as rising inflation and interest rates continued to negatively impact the group.
4. Capital investment for the group was \$1.2 billion, a third higher than the comparative period in 2021/2022, but \$140 million less than budget. This was due to ongoing supply chain challenges and labour shortages.
5. Direct revenue sources for the council group were \$25 million higher than budget at \$1.3 billion and direct expenditure was on budget at \$1.7 billion.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whiwhi / receive the Auckland Council Group and Auckland Council quarterly performance reports for the six months ended 31 December 2022.

Horopaki Context

6. This report relates to the period before the recent large storm events (Auckland Anniversary storm and Cyclone Gabrielle) beginning on January 27.
7. The Auckland Council Group Interim Report 31 December 2022 was released on 28 February 2023 with a primary focus on meeting statutory reporting requirements. A link to the interim report was sent to the Governing Body on the same day. Now that the results are in the public domain, we are able to provide a more fulsome view of the group's performance to that date.

8. This quarterly performance report is a more fulsome report for the half year to 31 December 2022, which in addition to financial information includes non-financial performance measures, capital project delivery, debt management metrics and information on progress in key strategic areas.
9. Management will present a performance update with more up to date information at the meeting.

Tātaritanga me ngā tohutohu Analysis and advice

Group performance

10. The group's quarterly performance report is included in Attachment A.
11. Capital investment of \$1.2 billion was delivered in the first six months against a budget of \$1.3 billion – an underspend of \$140 million.
12. Capital highlights included:
 - i) Completion of the Eastern Busway between Panmure and Pakuranga
 - ii) Completion of the Hunua 4 water pipeline, which adds resilience to the region's drinking water system
 - iii) Central Interceptor Project - the tunnel boring machine completed the crossing of the Manukau Harbour
 - iv) Completion of the renewal of Mt Smart Stadium's athletics tracks
 - v) 35 new zero emissions electric busses were added to the fleet.
13. Direct revenue was \$1.34 billion which was \$25 million above the budget of \$1.32 billion (2 per cent higher).
14. Direct expenditure was on budget at \$1.7 billion.
15. Net debt increased by \$312 million to \$11.4 billion to fund capital investment and is below the year end budget of \$12 billion.
16. Full-time equivalent employees increased by 354 for the group with Auckland Council's FTEs increasing by 190. Auckland Transport increased by 86, Tātaki Auckland Unlimited increased by 56 and Ports of Auckland increased by 28. These increases were due to filling vacancies and hiring of seasonal workers. This was partly offset by Watercare's FTEs which decreased by 24 mainly due to a corporate restructure.

Auckland Council performance

17. Auckland Council's quarterly performance report is included in Attachment B.
18. The council delivered capital expenditure of \$191 million against a budget of \$245 million – an underspend of \$54 million (22 per cent).
19. Capital highlights included:
 - Wai Horotiu Queen Street between Shortland Street and Mayoral Drive was largely completed with a karakia held on 9 December 2022
 - Construction of stormwater projects was completed for Darroch Slope, Omaha North and Captain Springs Road, Onehunga
 - Four local park reserve tracks (Arama Reserve, Kaurimu Reserve, Point View reserve and Kowhai Park) and four regional park tracks (Wairoa Cossey, Houghton tracks, Auckland City Walk, Te Muri laneway) were completed.

20. Direct revenue was on budget at \$307 million.
21. Direct expenditure was \$757 million, \$32 million below a budget of \$789 million.
22. \$74.7 million in savings was achieved against the council's \$90 million savings target for 2022/2023.
23. A total of 24 non-financial performance measures were updated this quarter, of which 54 per cent (13) were achieved or substantially achieved and 46 per cent (11) were not achieved. Further detail is contained in attachment B.

Tauākī whakaaweawe āhuarangi

Climate impact statement

24. This Governing Body paper is an information report providing an update on performance across the Auckland Council Group. No decision is sought in this paper that has a direct impact on the group's greenhouse gas emissions nor the group's approach to preparing for climate change. Climate action is a strategic focus area for the group and an update on the progress of climate action projects is provided in Attachment A.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera

Council group impacts and views

25. The group quarterly performance report reflects the results of the group for the six months ended 31 December 2022. Council controlled organisations (CCOs) and Ports of Auckland Limited provide input into the preparation of these reports.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe

Local impacts and local board views

26. Community investment is one of Auckland Council's strategic focus areas. The Auckland Council quarterly report in Attachment B provides highlights, issues and risks related to local and regional projects.
27. No decisions are being sought in this report that could have an impact on local boards.

Tauākī whakaaweawe Māori

Māori impact statement

28. Māori outcomes are a group and council strategic focus area. Attachment A provides key information and progress of delivery on the agreed programmes for the group and the council.
29. No decisions are being sought in this report that could have an impact on Māori.

Ngā ritenga ā-pūtea

Financial implications

30. No financial decisions are sought and accordingly there are no financial implications directly arising from the information contained in the report.

Ngā raru tūpono me ngā whakamaurutanga




Risks and mitigations

31. There is a minor risk that the information in this report and the attachments may lack accuracy or completeness due to it not being subject to an audit. Management has performed due diligence by obtaining detailed explanations from all Auckland Council business units as well as group entities supplemented by representation letters provided by CCOs and Ports of Auckland Limited's Audit and Risk committee chairs and chief executives. Further a reconciliation has been included in Attachment C, between the quarterly performance results and the results in the auditor-reviewed interim report at 31 December 2022.

Ngā koringa ā-muri Next steps

32. The quarterly performance report to 31 March 2023 will be provided at the 25 May Governing Body meeting.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	Auckland Council Group Quarterly Performance Report 31 December 2022	
B 	Auckland Council Quarterly Performance Report 31 December 2022	
C 	Auckland Council Group reconciliation of management to statutory results 31 December 2022	

Ngā kaihaina Signatories

Authors	Karuna Dahya - Manager Group Performance Reporting Kent Annear - Senior Group Performance Advisor Tracy Gers - Group Accounting & Reporting Manager
Authorisers	Nicola Mills - General Manager Financial and Business Performance Ross Tucker - General Manager, Financial Strategy and Planning Peter Gudsell - Group Chief Financial Officer Jim Stabback - Tumu Whakarae / Chief Executive

Treasury Management Policy update and the provision of treasury services to Ports of Auckland Limited by Auckland Council

File No.: CP2023/02294

Item 9

Te take mō te pūrongo Purpose of the report

1. To seek approval to:
 - i) provide Ports of Auckland Limited with a financing facility and related treasury services
 - ii) update the Treasury Management Policy to apply to Ports of Auckland Limited.

Whakarāpopototanga matua Executive summary

2. Auckland Council and Ports of Auckland Limited (POAL) have been in discussions for the provision of a financing facility and related treasury services to POAL. The provision of these treasury services will generate benefits to both organisations.
3. Auckland Council and POAL will enter a Service Level Agreement for the provision of treasury services including a \$600 million Revolving Advance Facility (RAF), subject to adjustment if any existing debt of POAL is not refinanced or novated to council.
4. The RAF will have a three-year term on a rolling basis, subject to annual review. The interest rate will be fixed annually at council's weighted average cost of borrowing for the year.
5. To enable Auckland Council to provide Treasury services to POAL, an amendment to the Treasury Management Policy (TMP) is required. This is to delete an existing exclusion for the TMP to apply to POAL.
6. POAL and council treasury are working to have all required documentation in place by 1 April 2023, to enable POAL to access financing via council from this date.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- b) whakaae / approve the revised Treasury Management Policy (Attachment A).
- c) whakaae / approve the provision of treasury services to Ports of Auckland Limited by Auckland Council including the provision of a Revolving Advance Facility with a limit of \$600 million, subject to adjustment if any existing debt of POAL is not refinanced or novated to council.
- d) tautapa / delegate to the Group Chief Financial Officer the authority to execute the relevant documents relating to the provision of treasury services to Ports of Auckland Limited by Auckland Council both initially and in an ongoing capacity.

Horopaki Context

7. The TMP details the most significant elements of the council group's treasury policy.
8. The TMP is a requirement pursuant to section 102 of the Local Government Act 2002. It is the group's combined liability management policy and investment policy.
9. While there is no formal requirement to regularly review and 're-approve' the policy, it is generally approved every three years as part of the long-term plan process. It is considered good practice to undertake periodic reviews.
10. The TMP was last approved by the Finance and Performance Committee in May 2021 in conjunction with the Long-Term Plan 2021-2031 process.
11. The current TMP includes an exclusion for the TMP applying to POAL. This report seeks an amendment to delete this exclusion so that Auckland Council can provide treasury services including debt financing to POAL.
12. To enable the provision of treasury services, council will enter into a formal Service Level Agreement and Revolving Advance Facility Agreement with POAL.

Tātaritanga me ngā tohutohu Analysis and advice

13. Following discussion with POAL it is understood that both the management and the POAL Board support Auckland Council providing a financing facility and related treasury services to POAL.
14. POAL management and council treasury staff have been working collaboratively over the last few months to enable the transition to take place.
15. The provision of treasury services to POAL by Auckland Council is expected to generate the following benefits to POAL and the council group:

To POAL	To Council Group
Lower cost of funding (driven by the difference in funding cost between Auckland Council and POAL due to the better credit quality of the council as a taxing authority)	Lower cost of funding for the council group as the council can raise debt at a lower cost compared to POAL.
Removes the need for POAL to maintain standby and overdraft facilities which reduces cost for the company and the group	Further lower's council group costs and provides increased transparency as all treasury functions for the group are undertaken by council
Removes other funding and treasury related costs (e.g. Treasury staff, legal cost for facilities, borrowing, etc., investor engagement)	Reduced risk (e.g. enhanced visibility of credit lines with banks, one group treasury policy, enhanced liquidity management)

16. The POAL Board is expected to consider the provision of a financing facility and related treasury services by Auckland Council at its board meeting on 21 March 2023.

Provision of treasury services to Ports of Auckland Limited.

17. The council will enter into a Service Level Agreement (SLA) with POAL for the provision of treasury services that will be reviewed annually. The services will include, but are not limited to, provision of funding to POAL, interest rate, liquidity and funding risk management, treasury reporting and foreign exchange hedging (as required).
18. The council will provide POAL with a Revolving Advance Facility (RAF). This facility will be a committed revolving credit facility enabling POAL to draw down or repay funds daily (similar to the arrangement council has with Watercare). The initial limit for the RAF will be \$600 million (POAL currently has borrowings and bank facilities of \$590 million), which provides sufficient headroom for POAL to undertake its operations for the term of the facility (three years rolling). Any increase to this facility will be in line with POAL's obligations under its Statement of Intent and the approval for any increase will be delegated to the Group Chief Financial Officer.
19. The RAF's interest rate will be fixed annually at council's weighted average cost of borrowing for the year.
20. It is proposed that POAL's existing \$255 million of bank debt will be refinanced by council and the bank facilities cancelled. POAL also has \$170 million of other debt, which POAL will novate to council pending negotiations with the investors. POAL may need to hold that debt on its balance sheet until maturity if it is not possible to get investor agreement to novate the debt to council.
21. If any of POAL's debt is not refinanced or novated to council and remains with POAL, the RAF limit of \$600 million will be reduced by that amount.
22. POAL has \$50 million of swaps in its hedging portfolio. These will be novated to council where council has International Swap and Derivatives Association Agreement (ISDA) (legal documentation managing swap transactions) with the bank counterparty. Where council does not have an ISDA the swap will be closed-out by POAL.
23. POAL and council treasury are working to have the SLA and RAF in place by 1 April 2023 so that POAL can borrow via council from that date.
24. Treasury has discussed the provision for a financing facility and related treasury services to POAL with the credit rating agencies. S&P Global already include POAL debt in their debt to revenue calculation so this will not have any impact on council's debt to revenue ratio. Moody's exclude the POAL from the assessment of council's credit rating. They will now back out the impact of the internal RAF to POAL and it will not have an impact on Auckland Council's credit rating.

Proposed amendment to the Treasury Management Policy

25. The current Treasury Management Policy (TMP) in the "Context" section, includes an exclusion for the TMP applying to POAL. This amendment seeks to delete this exclusion in the TMP so that Auckland Council can provide treasury services to POAL and include that the Chief Financial Officer of POAL (or their designate) will be on the Treasury Management Steering Group (TMSG) (See Attachment A).
26. There are no other amendments being made to the TMP.
27. The rest of the TMP is still considered fit for purpose, including targeting an AA/Aa2 credit rating.

Tauākī whakaaweawe āhuarangi **Climate impact statement**

28. Climate-related treasury activities (e.g. issuing green bonds) are subject to the TMP.
29. While the TMP does not explicitly address climate issues, it is an enabler to allow council to lead developments in this area.
30. The POAL financing facility may be used to fund capital projects that will have a positive impact on the environment.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera **Council group impacts and views**

31. The TMP applies to the Auckland Council Group. It specifies that council controlled organisations (CCOs) will be consulted on any treasury matters of material significance to that CCO.
32. For this reason, the TMSG includes senior finance members of Watercare and Auckland Transport. With the provision of treasury services to POAL, a senior finance member from POAL will join the TMSG.

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

33. The Governing Body (or a committee of the whole) is responsible for decision-making relating to the council's financial management including managing its revenues, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The TMP sets the parameters for the council group's liabilities and investments.
34. Local boards can provide their views on the application of the TMP, including the impact on their budgets and communities through the long-term plan and annual plan processes.
35. The provision of a financing facility and related treasury services by Auckland Council to the Ports of Auckland Limited will have minimal impact on local boards.

Tauākī whakaaweawe Māori **Māori impact statement**

36. The TMP relates to the council's borrowings and investments which enable the council to carry out its activities; including those focused on Māori outcomes.
37. The provision of a financing facility and related treasury services by Auckland Council to POAL will have minimal impact on Māori outcomes.

Ngā ritenga ā-pūtea **Financial implications**

38. The provision of a financing facility to POAL and related treasury services are expected to generate economies of scale and related savings to the council group. Savings are estimated to range between \$3-4 million per annum due to cheaper cost of funds and from centralising and reduced duplication of the treasury function at POAL.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

39. The TMP is one of the policies we have in place to manage our treasury-related risks. It is revised regularly (at least every three years) to ensure it is still appropriate. If changes are not adopted there is a risk that council will approve plans outside our key financial parameters which could risk an adverse credit rating outcome.

Ngā koringa ā-muri Next steps

40. The revised TMP will be final and adopted when it is approved by the Governing Body.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	DRAFT Treasury Management Policy (TMP)	

Ngā kaihaina Signatories

Author	Andrew John - Treasury Funding Manager
Authorisers	John Bishop - Group Treasurer Peter Gudsell - Group Chief Financial Officer Jim Stabback - Tumu Whakarae / Chief Executive

Options for treatment of rates for properties affected by recent storm events and alternative support options for Aucklanders

File No.: CP2023/02659

Item 10

Te take mō te pūrongo

Purpose of the report

1. To advise the Governing Body on practical options for the treatment of rates for red and yellow stickered properties impacted by recent natural events in light of the stress, uncertainty, and extra costs of those unable to occupy their homes.

Whakarāpopototanga matua

Executive summary

Storm impact and response

2. The recent storm events have resulted in 532 properties being red stickered and around 1,771 being yellow stickered (as at 8 March). These are constantly moving as a result of reassessments. A red sticker indicates that a building cannot be used, and entry is prohibited. A yellow sticker¹ indicates a building may have sustained moderate damage and access is restricted.
3. The extent of the damage to properties varies. Some properties have been severely damaged, while others may not have been damaged but may be at risk of potential damage. Some red and yellow stickered properties have since been cleared for habitation, for others there is uncertainty around when, or if, they will be habitable.
4. Support for residents and ratepayers impacted by the recent storm events has been provided through grants from the Emergency Relief Fund and support from other sources like government agencies and charities. This has allowed the council to target financial support to those who have been impacted the most and are most in need. However, the fund is significantly oversubscribed.
5. Officers have been contacting owners of red-stickered properties to discuss support options. Owners of red-stickered properties have not had penalties imposed for late rates payments. Officers have also been advising of support options including payment arrangements and rates postponement as well as directing them to support available from central government. Most owners of red stickered properties have paid their February instalment rates while 57 have not (15 of which have arrears from last financial year). The current estimate of the February and May instalment rates for red stickered properties is \$740,000 and for yellow stickered \$2.7 million.

Rating properties damaged within a year

6. Rates are a tax to fund public goods. Legislation requires that rates liability is determined at the start of the financial year, 1 July. The rates revenue requirement is shared between all properties based on their property value at that time. Council spreads the payment of rates for this 1 July obligation across four instalments through the year. Some ratepayers pay upfront or through direct debits weekly, fortnightly, or monthly.

¹ There are also 4,126 white stickered properties as at 8 March. The February and May rates instalment for these properties is around \$6.2 million.

7. Every year a number of properties are permanently damaged as a result of fire or natural events such as floods or land slips. The council has not previously offered these properties rates remissions (a reduction in rates liability provided for in a council policy). Properties damaged during the rating year, that can't be remediated, have their values reassessed and changes to their rates take effect from 1 July the following year. Rates are not adjusted, up or down, during the year in line with changes to a property.
8. Although rates are not a charge for services, the council services funded by rates continue to be available to, and can be used by, all Aucklanders (except for waste services to red stickered properties). The council is also expending considerable resource to assess property damage and address the direct impacts of the weather events in the affected areas, in particular on fixing roads.

Support options

9. Rates for those red and yellow stickered properties that can't be remediated will be adjusted (in accordance with the requirements of the Local Government (Rating) Act 2002) for the 2023/2024 financial year to reflect the impact of storm damage on their property values. In addition, officers recommend that waste management rates for red stickered properties be remitted as these are a payment for services that ratepayers are currently unable to use.
10. If the Governing Body wishes to provide additional support to impacted Aucklanders (including both red and yellow stickered properties), officers recommend reopening the Emergency Relief Fund and increasing the budget available by an amount up to the value of the total February and May instalments for red and yellow stickered properties, \$3.4 million. This would need to be funded by additional debt. Using the fund would allow the additional support to contribute towards a broader range of the costs Aucklanders (both ratepayers and non-ratepayers) impacted by the weather events may be struggling with not just rates for property owners. Officers note that \$3.4 million won't cover the full costs.
11. This provides support to Aucklanders based on need, noting most red stickered properties have paid their February instalment rates. It also ensures the best outcomes are delivered for ratepayers' money given the financial challenges the council is facing.
12. This approach treats affected properties fairly in relation to those who have suffered from fire, flood, or slip in previous years and those who may face similar misfortune in future years. It also ensures transparency of council costs.
13. Although not in accordance with previous practice and not recommended by officers, the council could proactively apply the Miscellaneous Remission Scheme to remit the rates for the February and May instalments reflecting the timing of the storms relative to the rating year. A remission under this scheme could not be easily targeted and, would be administratively complex and would be prone to error so an across-the-board approach is appropriate. This would cost around \$740,000 for red stickered properties and around \$3.4 million for both red and yellow stickered properties. If a remission is to be applied officers recommend it only apply to red stickered properties. These properties are currently unable to be used and more likely to have sustained greater damage.
14. The status of properties is changing daily as the assessment process continues. This remission would benefit all property owners regardless of their need or the extent of the damage to their property. It would also be inequitable to ratepayers who have been impacted by prior storm events as well as setting a precedent for use in future events. Conversely, a remission would provide a small amount of support to impacted property owners, but not tenants. It would also reflect the difficulty some of these ratepayers have in accessing the wider city services funded by rates due to road closures.

15. If the Governing Body choose to use the Miscellaneous Remission Scheme, then officers recommend that they be directed to report back on adding a specific remission for similar future events to the Rates Remission and Postponement Policy. This would ensure equity of treatment going forward and provide certainty for ratepayers in future events. However, it would also introduce a future liability to council revenue for unforeseen future large-scale events that may be better addressed by central government.
16. The council could also provide one-off rates grant to owners of red-stickered properties. This approach is more transparent than using remissions and has the same financial impact. However, it would set a precedent for future events but without providing certainty to affected ratepayers.
17. Officers do not recommend either of the alternative options for the reasons noted above.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakaae / agree to request officers to use the Miscellaneous Remissions Policy to remit the base waste management targeted rate and the refuse waste management targeted rate for the second half of the 2022/2023 year for properties red stickered at a cost of \$40,000 as this is a service based charge which these ratepayers cannot use.
- b) whakaae / agree to request officers to continue to remit penalties on red and yellow stickered properties who miss their February and May rates instalments and to continue to provide other existing support options as set out in this report.
- c) consider the following options to provide additional support to Aucklanders impacted by the recent weather events through:

EITHER:

- i) reopen the Emergency Relief Fund and increase it by \$3.4 million

OR:

- ii) request officers to use the Miscellaneous Remissions Scheme to remit the rates for the February and May instalments for red stickered properties at an estimated cost of \$700,000 and to report back on adding a specific remission for similar future events to the Rates Remission and Postponement Policy

OR:

- iii) establish a one-off grant of \$700,000 to be applied directly to the rates account of red stickered properties to cover the rates for the February and May instalments.

Horopaki Context

Recent storm related events and stickered properties

18. Ratepayers affected by recent storm events have been impacted differently. Some will be insured, and some won't. Some will have mortgages to pay. Some will be businesses / landlords who have lost their revenue stream.

19. The extent of damage will also differ. Some have been red or yellow stickered, while some impacted by the flooding or landslides might not be stickered at all. The impacts of flooding and landslides will have impacted differently on individual properties. The scale of the damage caused by these storm events is much larger and spread over a wider area than storm events in prior years.
20. Red stickers indicate a building cannot be used and entry is prohibited because it has sustained moderate or heavy damage and poses a significant risk to health or life. This could be from the building itself, from external factors such as adjacent buildings, or from ground failure. There are currently around 532 properties with a red sticker. Estimated rates for these properties covering the February and May instalments is around \$740,000, of which around \$40,000 is for waste services.
21. Yellow stickers indicate a building may have sustained moderate damage and access is restricted. This generally means either some identified areas of the building pose a significant hazard and cannot be used, or that the public cannot enter except under supervision for a limited time on essential business. This could include emergency or assessment purposes, for example, or removing critical business records, valuables, and property. There are currently around 1,771 properties with a yellow sticker. Estimated rates for these properties covering the February and May instalments is around \$2.7 million.
22. There are also 4,126 white stickered properties. White stickers indicate a building has suffered light or no damage and can be used. However, a white sticker doesn't necessarily mean the building is safe, as there could be unobserved damage. Owners of white-stickered buildings may still want to get their own engineering checks done. White stickers will expire 21 days after they are issued and can then be removed by the owner. Estimated rates for these properties covering the February and May instalments is around \$6.2 million.
23. Properties are constantly moving between red, yellow, and non-stickered as building assessments are updated and remediation work is undertaken. The numbers of properties red and yellow stickered is therefore changing all the time, which also means the potential rates cost is also continuously moving.
24. The council is required to undertake Rapid Building Assessments and issue stickers for any unsafe buildings. The stickers are a legal instruction and only authorised officials can place, change, or remove them. Building owners have a responsibility to ensure their buildings remain structurally sound following a major disaster. They must also continue to comply with their obligations in relation to health and safety, tenancy and lease agreements, and any other contracts.
25. The stickers remain in place until any required remedial work is undertaken. Once repairs are completed, restrictions are reassessed, and the sticker's status will be closed. Some red and yellow stickered properties have already been remediated, while other properties may be on land that has significantly reduced potential ongoing use.

Rates are primarily a wealth tax on landowners

26. Land rates in New Zealand are a form of wealth tax. They pay for the public and merit good elements of the services that Auckland Council provides to the community. Some targeted rates, such as waste management and swimming/spa pool inspections, are set on a user pays basis.
27. Rating legislation requires rates liability to be determined at the start of the financial year, 1 July, and is based on the status of the property as at that time. Council has discretion as to when payment is required. Current rating policy settings provide for annual 1 July rates obligation to be spread out in four equal instalments (August, November, February, and May). Some ratepayers pay upfront or through direct debits weekly, fortnightly, or monthly.

28. Changes to a property which impact on its value (or other matters that impact rates) are reflected in the level of rates assessed for the financial year following the year in which the change to the property occurred. This provides certainty to council on the level of rates revenue for the year as well as to ratepayers on their rates liability for the year.
29. In most cases this works in the ratepayer's favour as new developments aren't rated until the following financial year. However, between 1 July 2018 and 30 June 2022, 188 properties had their rating values reduced due to a building being demolished or destroyed by fire or storm event. While it is traumatic for a property owner to have their house destroyed or uninhabitable for an extended period, the rates funded services that council provides continue to be available to the ratepayer along with the requirement for council to fund them.
30. Officers note that central government is not proposing to reduce income tax or GST liability for affected individuals but like the council is working to remediate impacted roading assets and other infrastructure. The expenditure funded by these taxes by both government and council is likely to have the most positive impact on the affected communities.

Current support being provided to stickered properties.

31. Officers have been proactively contacting owners of red-stickered properties to discuss the financial support that is available to them including advising of support available from other sources like government agencies and charities. This includes amongst other elements accommodation support from the Ministry of Business, Innovation and E and Civil Defence payments from the Ministry of Social Development.
32. Owners of red-stickered properties will not have penalties imposed for late rates payments, regardless of whether officers have been able to contact the owner. The council is also expending considerable resource to assess property damage and address the direct impacts of the weather events in the affected areas, in particular on fixing roads.
33. Remission of rates for red-stickered properties has not been provided to these ratepayers. Support has to date has been provided through grants from the Emergency Relief Fund which is now closed and was significantly oversubscribed. Applications for grants from the fund are made online and kept relatively simple. The questions provide staff with enough information to make an assessment on the genuineness of need and relative priority against other applications. The fund can provide assistance for, amongst other things, essential items such as food, clothing, bedding, extra financial burdens, utilities, and property repairs not covered by insurance or other agencies/funds.
34. Using the Emergency Relief Fund allows the council to target financial support to those who have been impacted the most and who are most in need. A grant can also target support to tenants, as well as property owners. 90 ratepayers who have been affected by the storms (including some yellow-stickered properties) have payment arrangements in place and have not been charged a rates penalty for the February instalment.
35. As noted above, rates for this year have been set and assessed based on values as at 30 June 2022 (in accordance with the Local Government (Rating) Act 2002. Following the legislative process, significantly damaged properties where the rating value is impacted will be reassessed and any corresponding changes to their rates will take effect from 1 July 2023. Council valuers will be in touch with affected ratepayers when undertaking these reassessments. Any ongoing impact of property values caused by changes to the market preferences will be captured at the next general revaluation.
36. Ratepayers experiencing financial difficulties are encouraged to contact council to discuss the rates support options available to them. These include allowing ratepayers to make arrangements to clear outstanding rates by 30 June without incurring additional penalties, advising of the government's rates rebate scheme we administer, and providing postponement of rates for owner-occupied residences until the owner no longer lives there, the property is sold, or a date set by the council.

37. Analysis of rates accounts for red-stickered properties where ratepayers have been contacted by officers shows:
- 126 rate accounts are currently paying their rates via direct debit
 - a further 100 rate accounts are up to date with their rates payments (have zero balance), this includes rates due for the February instalment
 - 45 rate accounts are in credit
 - 57 rate accounts have balances where more than the February instalment is owing (15 of which had outstanding rates as at 30 June 2022)

Auckland Council financial position

38. Auckland Council is facing major financial challenges, requiring some tough choices. There is a forecast operating budget shortfall of \$295 million for the 2023/2024 financial year. Consultation on the proposed Annual Budget 2023/2024 includes spending cuts, increasing general rates while reducing some targeted rates for a year, selling airport shares to reduce our interest costs, and allowing for a slight increase in our use of debt to fund some investment in assets.
39. The storm events have put even further strain on this already difficult financial situation. While it will take some time to fully work out the costs to the council associated with these events, they could be substantial over time,

Miscellaneous remission scheme

40. The council currently has a miscellaneous remission scheme that can be used to remit rates where there are exceptional circumstances, and the council believes that it is equitable to do so. The council has discretion as to whether it considers that the recent storm events are exceptional circumstances and whether remitting rates for properties affected by the storm (flooding, landslides) is equitable.
41. The Rates Remissions and Postponement Policy notes that council officers have delegated authority to make decisions relating to the remission or postponement of rates payments. In the past officers have considered using the miscellaneous remissions scheme in response to requests from ratepayers whose properties have been affected by fires, floods, or other storm related events and not used it for the reasons outlined in this report.

Tātaritanga me ngā tohutohu Analysis and advice

Introduction

42. In regard to the treatment of the rates for red and yellow stickered properties, officers consider that the council has four primary options:
- Status quo – continue to remit penalties for the third and fourth quarter rates instalment and other support options with values and rates adjusted for the 2023/2024 year. This does not provide any additional direct support for those suffering from the impacts of the recent weather events. If the Governing Body wishes to provide additional direct support to impacted Aucklanders (including both red and yellow stickered properties) then it will need to consider one of the other options below,
 - Emergency Relief Fund – reopen the fund and continue to provide relief with an increase to the budget by up to the sum of the second half of the 2022/2023 year's rates on red and yellow stickered properties, up to \$3.4 million,

- Miscellaneous remission scheme – proactively apply remission for all red and/or yellow stickered properties for the second half of the 2022/2023 years rates, including providing refunds for those who have already paid. The cost would be \$740,000 or \$3.4 million depending on whether or not the yellow stickered properties are included.
 - One off grant – to cover the second half of the 2022/2023 year's rates for red and/or yellow stickered properties, cost would be the same as the miscellaneous remission scheme above.
2. The costs of all the options are uncertain as the number of red and yellow stickered properties is still changing and hence the rates liability is continuously moving. Officers consider that the numbers estimated provide a reasonable basis to support policy decision making.
43. Officers also considered and rejected the option of a more targeted remissions scheme, as this would take time to develop and implement and would achieve similar results to increasing the Emergency Relief Fund.
44. The following criteria have been used to consider whether, and how, to provide additional support to red and yellow stickered properties:
- extent that affected ratepayers have been impacted: the likely extent of damage to properties from the storm events and the likely duration before the properties could be remediated,
 - supporting Aucklanders most in need: the ability to target limited council resources to achieve the best outcomes for Aucklanders,
 - providing equity over time: consistency of the application of rating policy to ratepayers who have faced similar impacts in the past or who may face similar impacts in the future,
 - impact on council finances: what the estimated impact will be on council's financial position,
 - transparency: the extent to which the true cost of providing council services is visible to Aucklanders which enables them to determine value for money.
45. In addition to the options above, officers recommend that the waste management targeted rates for the second half of the 2022/2023 year be remitted for properties red stickered as at 16 March 2023. This has an estimated cost of \$40,000. As these properties cannot be occupied at present, they cannot use the services funded by these targeted rates. While some of these properties may be remediated before the end of the financial year it would not be practical (from an administrative cost perspective) setting an individual remission based on the exact amount of time the properties could not be used.

Emergency Relief Fund

46. Reopening the Emergency Relief Fund and continuing to provide support with an increase in budget:
- ensures that the council targets financial support to those who have been impacted the most and who are most in need. This approach means that support can also be provided to tenants, as well as property owners,
 - allows for support to contribute towards a broader range of costs than just rates,
 - does not provide any additional support to ratepayers affected by the storm events other than what is already available from the Emergency Relief Fund,
 - is consistent with council's approach to providing support to Aucklanders from prior major emergency events,

- does not set any precedent beyond existing expectations by Aucklanders on council to provide support in times of emergencies,
 - is more transparent as the costs of providing grants are accounted for in budget line items.
47. The Emergency Relief Fund is presently oversubscribed. If the Governing Body wishes to expand its provision of support for Aucklanders impacted by recent weather events, then officers recommend it do so by increasing the fund by up to the value of the second half of the 2022/2023 year's rates for red and yellow stickered properties, \$3.4 million. Officers note this would not cover all the costs affected ratepayers are facing. As rates have already been set for the current year and no available unspent budgets have been identified for reprioritisation, the \$3.4 million would need to be funded by additional debt.

Miscellaneous remission scheme

48. Using the miscellaneous remission scheme to proactively remit rates:
- reflects the difficulty some of these ratepayers have in accessing the wider city services funded by rates due to road closures.
 - provides broad support to ratepayers of damaged properties regardless of the extent of that damage and noting:
 - a blanket remission does not target support to those most in need
 - for damaged properties those impacted the most are the occupants of the property which in some cases will be the tenant rather than the property owner
 - most properties are up to date with their February instalment rates
 - is inconsistent with support provided for other similar events, although not of the same scale, in the past e.g., Kumeu floods in 2021. Papatoetoe tornado in 2021, and Piha in 2018. Providing rates support to ratepayers would create an inequity in how council has supported ratepayers for past events. It would also be inconsistent with how ratepayers affected by other similar events, such as house fires, have been supported (while not of the same scale the impact on individuals is similar)
 - sets a precedent for future emergency events where the impacts could be more widespread (such as earthquakes or volcanic eruptions). This would create a potentially large future exposure for council rates revenue where support could be better provided by central government,
 - is less transparent as remissions are accounted for as a cost to revenue and do not show in budgeted line items.
49. Although not in accordance with previous practice and not recommended by officers, if a remission is to be applied, officers recommend that it only be applied to red stickered properties. An across-the-board remission is the appropriate approach in these circumstances as a remission cannot be easily targeted and would be administratively complex and would be prone to error.
50. A red sticker means that the property is unable to be used while a yellow sticker might only restrict access to certain parts of a property. In general, a red stickered property is likely to have received more significant damage than a yellow stickered property. This will mean that a red stickered property's value is likely to be more affected than a yellow stickered property and impacted for longer period of time. Significantly damaged properties where the rating value is impacted will be reassessed and any corresponding changes to their rates will take effect from 1 July 2023.

51. The number of red stickered properties is changing daily as the reassessment and remediation process continues. Some properties that were originally red stickered may now be used whereas other properties may become red stickered as assessments continue. Officers do not have an objective basis from which to determine a criteria. However, given the trauma ratepayers will face when their property is red stickered, it is considered appropriate that any red stickered property, irrespective of the timeframe that it is red stickered for, should qualify.
52. The council does not hold information on the full extent of damage to a property. It is therefore not possible at this time to determine the impact the weather events have had on a property's rating valuation. Also, the council is unable to determine with any certainty when a particular property will be fully remediated and able to be used without restriction. The Rapid Building Assessment is a relatively quick assessment of a damaged property. The extent of damage and the time it takes to remediate that damage will depend on specialist advice that the property owner receives and the decisions that they make.
53. Officers consider that if a remission is to be used it should be applied by officers to all red stickered properties rather than only in response to applications. Relying on applications would be unfair to those ratepayers who we know are in the same situation.
54. The reduced revenue from applying a remission is estimated to be \$740,000 or \$3.4 million depending on whether yellow stickered properties are included as well as red stickered ones. The actual amount will vary as the number of stickered properties changes. This lower revenue will result in higher council debt than would otherwise be the case.
55. If the Governing Body wishes to provide support to red and/or yellow stickered properties using a rates remission, then the officers recommend that the Rates Remission and Postponement Policy be amended to include a remission scheme for future events. The miscellaneous remission scheme is intended to be used to provide equity to ratepayers in whose circumstances are not covered by other schemes. Storms and other damage to properties are foreseeable events occurring with relative frequency in the past, although not of the same scale, and likely to occur in the future. Introducing a specific scheme will provide ongoing certainty to ratepayers affected by future events. However, it would create ongoing future risk to revenue which could be significant in large scale events such as volcano or earthquake.

One off grant to rate accounts

56. Providing a one-off grant direct to rate accounts of affected ratepayers has the same benefits, financial impacts, and shortcomings of making use of the Miscellaneous Remissions Scheme above, except that it:
 - creates a moral obligation for the same response in future emergency events where the impacts could be more widespread (such as earthquakes or volcanic eruptions). This would create a potential future exposure for council costs where support could be better provided by central government
 - does not provide certainty for ratepayers for future events in the way adopting a new remission scheme can
 - is more transparent as the costs of providing grants are accounted for in budget line items.

Tauākī whakaaweawe āhuarangi Climate impact statement

57. Recommendations in this report have a neutral climate impact as they relate to the allocation of rates rather than decisions on activities to be undertaken.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

58. The issues in this report do not impact on the wider council group.

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

59. Local boards views have not been sought due to the urgent nature of decision making related to this issue.

60. Decisions on rates and rates remissions are a Governing Body responsibility.

Tauākī whakaaweawe Māori Māori impact statement

61. The council does not hold information on the ethnicity of ratepayers or fee payers so is not able to identify the exact impact on the proposed changes on Māori. Some of the property owners impacted will be Māori and they will be affected in a similar way to other residents in Auckland whichever approach the council takes.

Ngā ritenga ā-pūtea Financial implications

62. The financial implications of options considered in this report are covered in the relevant sections of this report.

63. If a decision is made to provide additional support via one of the options presented above, this would result in up to \$3.4 million of additional council debt being incurred.

64. As set out in the report, if a decision is made that sets precedent for future ratepayer support in the event of extreme weather or other natural disasters, then this could create a significant risk to future revenue.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

65. Risks and mitigations of options for providing rates relief to red-stickered properties have been covered in the body of this report.

Ngā koringa ā-muri Next steps

66. Any Governing Body decisions will be implemented, and any additional required communications actioned as soon as possible after decisions have been made.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Authors	Aaron Matich - Principal Advisor – Financial Policy Andrew Duncan - Manager Financial Policy
Authorisers	Ross Tucker - General Manager, Financial Strategy and Planning Peter Gudsell - Group Chief Financial Officer Jim Stabback - Tumu Whakarae / Chief Executive

Funding and supplier recommendation for Te Hā Noa - Victoria Street Linear Park

File No.: CP2023/00685

Te take mō te pūrongo

Purpose of the report

1. To provide an update on funding and supplier recommendations for Te Hā Noa – Victoria Street Linear Park.

Whakarāpopototanga matua

Executive summary

2. Decisions relating to the allocation of city centre targeted rate funding sit with the Governing Body. The award of the construction contract would usually be considered by the Expenditure Control and Procurement Committee, however it has been called into the Governing Body so that funding allocation and supplier recommendation decisions can be considered together.
3. The Te Hā Noa – Victoria Street Linear Park project delivers on the City Centre Masterplan 2020 vision, approved by the former Planning Committee. The project is supported by the Waitemata Local Board and delivers on the outcomes of the Waitemata Local Board Plan 2020.
4. The project will deliver an attractive, safe and effective space for the increased pedestrian movements from the City Rail Link Te Waihorotiu station while still providing access for vehicles needed to support business operations and property access.
5. The scope of the project is the section of Victoria Street from Hobson Street to Kitchener Street. The supplier recommendation is for works between Elliot Street and Kitchener Street. The section from Federal Street to Elliot Street is being delivered by City Rail Link and contains the station portals.
6. [Public consultation](#) in 2021 indicated that 73 per cent of respondents supported the design.
7. Construction is required to begin in April 2023, due to critical alignment with other projects in Midtown. A delay could result in additional road closures, rework and digging twice, having the overall effect of increasing the duration of construction and disruption. This would negatively impact on neighbouring properties, businesses and residents, many of whom have experienced disruption from nearby CRL works.
8. Auckland Council is prioritising capital investment across the council portfolio as part of the Annual Budget 2023/2024 in response to significant financial challenges.
9. A decision is being sought on the award of the physical works supplier recommendation for the Te Hā Noa project, as discussed in the confidential report on this agenda, ahead of the council completing its capital investment prioritisation process. A delay in decision making beyond March 2023 will almost certainly result in increased construction costs.
10. Staff recommend deferring a part of the scope of the project to save \$10 million and increasing the proportion of project cost to be funded by the city centre targeted rate from \$10 million to \$34.2 million. This will enable the construction to be progressed in a timely manner, as well as alleviating pressure on council's budget.
11. The consequence of this option would be that less of the city centre targeted rate funding will be available for other future city centre projects. This will have no material impact on city centre targeted rate funded projects/activities that are planned or underway in the next two to three years, however, would require the re-prioritisation of projects/activities funded beyond this period.

12. Staff have assessed the change in funding mix proposed by the preferred option against the matters set out in Section 101(3) of the Local Government Act 2002, which we consider addresses the key issues in the council's Revenue and Funding Policy. Staff recommend that on balance, increasing proportion of the project funded by the city centre targeted rate is the best option.
13. The approved budget allocation will be incorporated in the Annual Budget 2023/2024, for adoption by the Governing Body in June 2023.
14. Information relating to the supplier recommendation for Te Hā Noa is provided in the confidential section of the 23 March 2023 Governing Body meeting.

Ngā tūtohunga Recommendations

That the Governing Body:

- a) tuhi ā-taipitopito / note that the information contained in this report, on allocation of city centre targeted rate funding to Te Hā Noa – Victoria Street Linear Park project and supplier recommendations for the Te Hā Noa project, enables transparency on the topic due for discussion in the public excluded part of the meeting.
- b) tuhi ā-taipitopito / note that the confidential report contains information that could prejudice the council's position in negotiations with suppliers.

Horopaki Context

Project background

15. The City Centre Masterplan sets the direction for the development of Auckland City Centre. It was refreshed in 2020 and adopted by the former Planning Committee at its March 2020 meeting ([resolution PLA/2020/17](#)). Victoria Street Linear Park is a key transformation move in the City Centre Masterplan, specifically Transformational Move 6: The Green Link.
16. Te Hā Noa – Victoria Street Linear Park will provide more space to accommodate the increased movement of people along Victoria Street expected following the opening of the new City Rail Link Te Waihorotiu station. The project will deliver an attractive, safe and effective space for the increased pedestrian movements from the station. It will include an expanded footpath and cycleway while still providing access for vehicles needed to support business operations and property access. The design layout is provided in Attachment A.
17. The scope of this project (see Figure 1) is the section of Victoria Street from Hobson Street to Kitchener Street. The section between Federal Street to Elliot Street is being delivered by City Rail Link and contains the station portals. Any upgrade to Victoria Street west of Hobson Street is unfunded.
18. The designs between the CRL project and the Te Hā Noa – Victoria Street Linear Park project have been integrated to be consistent through this part of Victoria Street.

TE HĀ NOA VICTORIA STREET



Figure 1. Project area including Block A, the section being delivered by CRL

19. The project budget of \$60.5 million was approved in the Long-term Plan 2021-2031. This capital expenditure was planned to be funded through borrowings supported by a mix of general rates and the city centre targeted rate, including a \$10 million contribution from the city centre targeted rate.
20. The Waitematā Local Board indicated its support for the project and provided feedback on the design at its 21 September 2021 meeting ([resolution WTM/2021/214](#)).
21. The project has been developed in partnership with mana whenua. The working title, Te Hā Noa was gifted by the mana whenua project working group. A cultural framework for the project has been agreed with mana whenua and continues to guide the project practices, engagement, and design outcomes.
22. Public consultation on the design ran from 6 October to 9 November 2021. Seventy-three per cent of respondents liked the design. The consultation results can be viewed [here](#).

Critical alignment with midtown projects

23. Critical alignment with other construction activity in midtown relies on Te Hā Noa construction starting in April 2023.
24. Te Hā Noa construction is sequenced with CRL, and other projects led by Auckland Transport, Watercare and Vector, to achieve completion around the new CRL station and ensure the area is attractive and free from significant construction when the CRL opens.
25. Projects in the midtown programme with interdependencies include:
 - Te Hā Noa – Victoria Street Linear Park (led by Auckland Council)
 - stage one of the Wellesley Street Bus Improvements, Queen Street to Albert Street (led by Auckland Transport)
 - Wai Horotiu Queen Street Project (led by Auckland Council)
 - Queen Street Wastewater Diversion Project (led by Watercare)
 - City Rail Link (C3 project delivered by the Link Alliance)
 - various electricity network upgrades (led by Vector).
26. The Victoria Street and Albert Street intersection is currently closed for CRL construction. Streetscape construction for CRL and Te Hā Noa between Albert Street and Queen Street is planned to be delivered in parallel from April 2023. Both projects will need to achieve a sufficient level of completion to enable the reopening of the Victoria Street and Albert Street intersections in December 2023.
27. The reopening of Victoria Street in December 2023 is a key enabler for the Wellesley Street Bus Improvement project and CRL streetscape works to commence on Wellesley Street, due to the need to maintain east-west traffic movement in the city centre.

28. Delaying Te Hā Noa construction could prolong the closure of Victoria Street and delay construction on Wellesley Street, and extend the duration of construction in midtown, as well as risk digging up the street twice. This would impact neighbouring properties, businesses, and residents, many of whom have experienced up to five years of disruption from nearby CRL works. A recent survey² of residents expressed a clear desire for council to 'get on with it' and get works finished as soon as possible, which is consistent with feedback from midtown businesses.
29. In addition, underground services relocation work between Queen Street and Kitchener Street by the Te Hā Noa project has been sequenced to take place simultaneously with underground utilities work being undertaken by Vector and Watercare. Delays to the Te Hā Noa construction programme will risk delaying these other planned works, or they will proceed independently, resulting in increased overall cost and disruption associated with 'digging twice'.

Tātaritanga me ngā tohutohu Analysis and advice

Priority and funding

Budget pressure and investment priority

30. Auckland Council is facing an estimated budget shortfall of \$295 million in 2023/2024. The cost of recovery from the January Flood and Cyclone Gabrielle has been provisionally estimated to be between \$900 million and \$1.2 billion, which along with cost increases for the City Rail Link will add further budget pressure to the council's financial position over the next few years.
31. A cautious approach is therefore being taken to proceeding with discretionary expenditure at this point. Capital investment will need to be carefully prioritised across the council portfolio as part of the Annual Budget 2023/2024 and the next 10-year budget to address these significant financial challenges.
32. A decision is being sought on the award of the physical works supplier recommendation for the Te Hā Noa project ahead of the council completing its capital investment prioritisation as part of the annual budget process. This is due to the financial, operational and community disruption impacts of a delay to the Te Hā Noa project.
33. A delay would almost certainly result in increased construction costs, as discussed in the confidential report on the Governing Body agenda.

Funding options

34. Staff recommend that the Te Hā Noa project continues to be a priority for investment.
35. In consideration of the need for the construction to progress in a timely manner, as well as the need to alleviate pressure on council's budget, the following options were assessed:
 - Option 1: Status quo, continue the project as planned
 - Option 2: Discontinue the project
 - Option 3: Defer the project to later years
 - Option 4: Reduce the scope, deferring the section from Federal Street and Hobson Street until such time that additional budget is available, reducing the near-term capital investment required by \$10 million
 - Option 5: Increase the proportion of project cost to be funded by the city centre targeted rate by \$24.2 million

² [Perceptions of living in Auckland's city centre: 2022 survey of residents](#)

- Option 6 (recommended): Deferring the portion between Federal Street and Hobson Street, until such time that additional budget is available to reduce the near-term capital investment required by \$10 million and increase proportion of project cost to be funded by the city centre targeted rate from \$10 million to \$34.2 million.
36. The recommended option is Option 6. This option results in the reduction of capital expenditure required from general rates and borrowing by \$34.2 million and enables the construction contract to be awarded to achieve the project benefits and support effective coordination with other projects in midtown.
37. Delays to the delivery of capital projects in the city centre during the COVID-19 pandemic have contributed to an accumulation of approximately \$60 million in city centre targeted rate funding being held in reserve, with the funds programmed to be spent over the next 10 years. The preferred option will use more of this funding for the Te Hā Noa project than previously planned to reduce the pressure on other council funding sources such as borrowing and general rates.
38. The consequence of increasing the amount of city centre targeted rate funding allocated to Te Hā Noa would mean that less of the city centre targeted rate funding is available for other future city centre projects in the city centre targeted investment portfolio, meaning some of these projects would not be able to be funded.

Changing the funding mix

39. The city centre targeted rate was established by Auckland City Council in the 2004/2005 financial year to help fund the development and revitalisation of the city centre. The city centre targeted rate is estimated to raise \$24 million in financial year 2024. At present there is approximately \$60 million of the city centre targeted rate raised in previous years that is held in reserve. The city centre targeted rate can only be applied to relevant activities that benefit property owners inside the rating area.
40. Auckland Council's Revenue and Finance Policy specifies that costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate, general rates, and borrowing.
41. The currently planned cost of the Te Hā Noa project of \$60.5 million is to be funded through borrowing supported by a mix of general rates (\$50.5 million) and the city centre targeted rate (\$10 million). The recommended option (Option 6 above) reduces the expenditure to \$50.5 million and changes the funding mix to \$16.3 million general rates and \$34.2 million from the city centre targeted rate (\$17.1 million from 2023/2024, and \$17.1 million from 2024/2025). See Table 1 for the current and proposed funding mix.

Table 1. Current vs proposed funding source mix for Te Hā Noa

Funding source	Current funding mix	Recommended funding mix (Option 6)
General rates and borrowing	\$50.5 million	\$16.3 million
City centre targeted rate	\$10.0 million	\$34.2 million
Total cost	\$60.5 million	\$50.5 million

42. Staff have assessed the change in funding mix against the matters set out in Section 101(3) of the Local Government Act 2002, which addresses the key issues in the council's Revenue and Funding Policy. The key considerations are discussed below.

43. The funding mix of both the preferred and current funding options do not impact on the delivery of the community and environmental outcomes that the project delivers, which include:
- an increase in the level of service and amenity of the street, contributing to attracting more residents, workers and visitors to the area
 - improvement in the safety of the street – increased footpath widths and improvements to pedestrian crossings will help reduce the risk of traffic related pedestrian injuries, as well as improving footpath conditions to reduce trips and falls
 - contributes to carbon emissions reduction through reduced car lanes, improved access to public transport (bus and rail), travel mode shift, and provision of new dedicated cycle facilities
 - improves the environmental outcomes through increased native trees and planting
 - contributes to Māori outcomes through mana whenua partnership
 - social and sustainable outcomes from physical works that exceed Auckland Council's targets set out in the council's Sustainable Procurement Framework, with a nominated diverse subcontractor spend of 25 per cent of the total subcontract value, against council's target of 15 per cent.
44. The consequences of using the city centre targeted rate over the next two years, and current city centre targeted rate reserves, to fund a much greater proportion of the project will result in a mismatch between payment and benefits that would be realised over the life of the asset.
45. Investments in the city centre benefit both the city centre and the Auckland region. COVID-19 has had a significant impact on the city centre since 2020. Staff consider that at this time, there are greater benefits to properties in the city centre than the rest of the region. The delivery of a more attractive urban environment will help attract customers and workers to the city centre, as well as attracting visitors from the rest of the region and country.
46. No actions or inaction of particular individuals or a group contribute to the need to invest.
47. The decision to change the funding mix will have no impact on transparency and accountability, as both funding mixes have a city centre targeted rate component.
48. There is no impact on affordability for either the general rate payer or the city centre targeted rate payer, because of the proposed change in funding mix. However, greater use of city centre targeted rate will reduce the pressure on general rate funding considering the council's challenging financial situation. In a constrained funding environment this funding mix provides the certainty to allow the project to proceed with the current tender. If the timing of this project was to be reconsidered there is a high likelihood that a subsequent tender would be higher. In addition, the use of the accumulated reserve on this project now allows for an earlier realisation of the intended outcomes for which the city centre targeted rate was set.
49. A consequence of using more city centre targeted rate is that projects presently intended to be funded from the city centre targeted rate in future years may no longer be able to be funded. Staff consider that the early realisation of the Te Hā Noa project delivers greater benefits than projects in future years that may not be able to be delivered as a result of changing the funding mix. There is an opportunity for the council to consider the priority and timeframe for these projects in future long-term plans.
50. On balance officers consider that increasing proportion of the project funded by the city centre targeted rate is the best option.

City Centre Advisory Panel

51. The City Centre Advisory Board was established in 2004 to advise council on the use of the city centre targeted rate. The board received the updated city centre targeted rate investment portfolio, including Te Hā Noa, in August 2022 ([CEN/2022/19](#)).
52. In December 2022, the Governing Body endorsed the Mayor's proposal to establish the City Centre Advisory Panel for the 2022-2025 term. The panel's terms of reference continue to include providing advice on investment priorities for the city centre targeted rate. Panel members have not yet been selected for this term.
53. In light of this, staff have not been able to obtain the views of the City Centre Advisory Panel on the proposal to reallocate additional city centre targeted rate funds to the Te Hā Noa project. If the Governing Body agrees with the recommended option, the decision will be reported to the City Centre Advisory Panel once panel meetings begin.

Procurement

Tender and evaluation

54. Analysis and advice regarding the procurement for the project will be provided in the confidential section of the 23 March 2023 Governing Body meeting.

Tauākī whakaaweawe āhuarangi Climate impact statement

55. Sustainability and climate change outcomes are a continued focus for this project. Staff have developed a sustainability development framework for the project to embed sustainable principles within the project, built on existing Auckland Council strategies.
56. The sustainability guiding principles are:
 - resilient infrastructure – the functionality of the asset is resilient to risks associated with climate change
 - governance – to report on sustainability performance throughout the project
 - effective decision-making processes to deliver sustainable outcomes
 - whole-of-life-thinking design that minimises environmental impacts through the operational lifecycle
 - biodiversity – to enhance ecological diversity and ecological value of Victoria Street.
57. These principles are being measured and tracked throughout the project. This will assist Te Hā Noa to contribute to Auckland Council's climate commitments as set out in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, in particular the Transport priority.
58. Further climate impacts regarding the procurement for the project will be provided in the confidential section of the 23 March 2023 Governing Body meeting.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

59. The project team continues to work closely with Auckland Transport, Watercare, the Link Alliance and City Rail Link Ltd to ensure alignment with projects and to minimise the level of disruption to city centre communities where possible. This includes coordination and phasing delivery with the construction works planned by City Rail Link and Watercare in order to minimise cost and disruption to city centre residents, businesses workers and people who visit the city centre.
60. Several integration workstreams across the council group are currently established for the midtown area. These span utilities, network operations, engagement and communications, and a consistent development response approach, which manages the risks and disruptions to the public and businesses in the area.

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

61. The Waitemātā Local Board Plan 2017 notes the board’s support for creating a green Victoria Street Linear Park in line with the City Centre Masterplan.
62. Four key benefits have been identified for the Te Hā Noa project which support all six outcomes in the Waitemātā Local Board Plan 2020. Table 2 shows this relationship.

Table 2. Relationship between project benefits and local board plan outcomes

Benefit statement	Local board plan outcome
1: Increased pedestrian and cycling linkages for movement along and across Victoria Street.	Outcome 5: Sustainable transport network that is safe and accessible.
2: Activated quality spaces for commercial and recreational activities.	Outcome 3: High quality urban development that has accessible, versatile, and sustainable public and private spaces. Outcome 6: Waitemātā business are sustainable, innovative, and prosperous.
3. Improved sense of belonging and connection to place.	Outcome 1: Māori are empowered, and their identity and culture is visible. Outcome 2: Connected communities that are inclusive, accessible, and equitable.
4: A healthier and more sustainable city centre.	Outcome 4: Waitemātā is future-focused, green and resilient to climate change.

63. Staff received feedback from the board on the preliminary design for Te Hā Noa - Victoria Street Linear Park following the finalisation of the public feedback report at the board’s business meeting in April 2022 ([WTM/2022/61](#)). The board supported the project and provided feedback on the proposed design including that the maximum possible number of trees and vegetation should be added to the project and supported the narrowing of Victoria Street to a single lane and the removal of general parking from Victoria Street.
64. The Waitemātā Local Board was updated by memo on 17 March 2023 on the proposal to increase the allocation of city centre targeted rate budget for Te Hā Noa.
65. The project was supported by the Auckland City Centre Advisory Board. The board received the updated city centre targeted rate investment portfolio, including Te Hā Noa, in August 2022 ([CEN/2022/19](#)).
66. Staff have not been able to obtain the views of the City Centre Advisory Panel on the proposal to reallocate additional city centre targeted rate funds to the Te Hā Noa project as panel members have not yet been selected. If the Governing Body agrees with the recommended option, the decision will be reported to the City Centre Advisory Panel once panel meetings begin.

Tauākī whakaaweawe Māori Māori impact statement

67. Partnership with mana whenua has been fundamental to this project. The project team continues to work with mana whenua to demonstrate best practice in developing the Te Hā Noa project. The working title, Te Hā Noa was gifted from the mana whenua project working group.

68. Te Hā Noa means to freely experience one’s surroundings, to breathe and acknowledge the sights and sounds whilst journeying within the city centre and the link between Te Koranga (Victoria Park) and Te Reuroa (Albert Park).
69. A cultural framework for the project has been agreed with mana whenua and continues to guide the project practices, engagement, and design outcomes. This cultural framework remains the intellectual property of mana whenua, and is shown in Table 3.

Table 3. Cultural Framework and Sustainability Principles for Te Hā Noa

		Cultural Framework						Sustainability Principles		
		Hononga	Manaaki	Wānanga	Rawa	Oranga Ngākau	Whakapapa	Resilient Infrastructure	Governance	Whole of life Thinking
Multi-Criteria Analysis: Critical Success Factors										
ACHIEVING BENEFITS	Provision of dedicated spaces that create 'destinations' on Victoria Street	●	●		●	●		●		
	Reduced opportunity for conflicts between modes		●			●			●	●
	Integrate cultural identity on Victoria Street	●	●	●	●	●	●		●	●
	Dedicated infrastructure and connections for active modes		●			●		●		●
DELIVERING THE PROJECT	Affordability				●				●	
	Consistency with local government plans and strategies	●	●	●	●			●	●	●
	Disruption during construction				●				●	●
WIDER IMPACTS	Transport network performance. Ability to support future intent for vehicle transport.	●			●	●		●	●	
	Interface with proposed projects		●	●	●				●	●
	Environmental impact			●			●	●	●	●

Ngā ritenga ā-pūtea Financial implications

70. The financial implications of the recommended funding option are discussed in detail in the previous section on Funding and Priority.
71. Further financial implications regarding the procurement for the project will be provided in the confidential section of the 23 March 2023 Governing Body meeting.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations


72. Risks and mitigations for the project will be provided in the confidential section of the 23 March 2023 Governing Body meeting.

Ngā koringa ā-muri Next steps

73. Next steps relating to the procurement for the project will be provided in the confidential section of the 23 March 2023 Governing Body meeting.
74. Construction for the project will start in April 2023 to align with the City Rail Link programme.

75. The city centre targeted rate budget decision will be reported to the Waitemātā Local Board, and to the City Centre Advisory Panel once panel meetings begin.
76. The approved budget allocation will be incorporated in the Annual Budget 2023/2024, for adoption by the Governing Body in June 2023.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	Te Hā Noa stage one design layout	

Ngā kaihaina Signatories

Authors	Jenny Larking – Head of City Centre Programmes Oliver Smith – Manager Programmes Delivery Vivian Dias – Procurement Manager, Capital Procurement
Authorisers	Barry Potter - Director Infrastructure and Environmental Services Peter Gudsell - Group Chief Financial Officer Jim Stabback - Tumu Whakarae / Chief Executive

Membership of Local Government New Zealand and Appointments

File No.: CP2022/14604

Item 12

Te take mō te pūrongo Purpose of the report

1. To provide the opportunity for the Governing Body to consider its continued membership of LGNZ and, if membership is confirmed, make appointments to Local Government New Zealand (LGNZ).

Whakarāpopototanga matua Executive summary

2. The Mayor of Auckland leads the development of the annual plan. The mayor is promoting reduction of expenditure and in this context has asked for consideration of the council's ongoing membership of LGNZ.
3. The council currently pays a subscription of \$350,352.26 excluding GST. In addition there are costs associated with attending the LGNZ annual conference and other activities and costs associated with staff support for activities arising from LGNZ membership. The costs of conferences for each of the previous two conferences have been approximately \$20,000. The council pays a subscription of \$25,000 to LGNZ's Mayors' Taskforce for Jobs programme. The cost of staff time to support these activities is not recorded.
4. That expenditure and resource could be applied to other council services.
5. Auckland Council is large enough to continue without using the resources and services provided by LGNZ. Nevertheless, there might be benefits to staying which are not quantifiable but can be summarised as 'belonging to and having the influence of a national body that represents the whole sector'.
6. The body of the report provides further information about costs and possible benefits of membership.
7. The most recent LGNZ Annual Report is attached in Attachment A. This summarises key achievements and provides financial statements for 2021/2022 (April/March financial year).
8. Following a triennial election, it has been the practice of the Governing Body to make its appointments to LGNZ as soon as possible. These appointments have been deferred pending a decision on whether to continue membership. If the Governing Body decides to continue Auckland Council's membership, staff recommend it makes the appropriate appointments as set out in the recommendations.
9. As is our practice, local boards have been given the opportunity to provide feedback. Most local boards are having to use their urgent decision-making processes. The feedback from local boards that had been received at the time this report was completed attached as Attachment B. Further feedback will be circulated prior to the meeting.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) Receive the feedback from local boards as contained in Attachment B and as circulated prior to the meeting.

AND EITHER:

- b) whakaae / agree that Auckland Council resign its membership of Local Government New Zealand by giving notice

OR:

- c) whakaū / confirm Auckland Council's continued membership of Local Government New Zealand.
- d) tuhi ā-taipitopito / note that the Local Government New Zealand constitution provides for the mayor to be a member of the Local Government New Zealand National Council, and that the mayor may appoint an alternate in writing for the meetings the mayor is unable to attend
- e) kopou / appoint one councillor to the Local Government New Zealand National Council
- f) tuhi ā-taipitopito / note that local boards can appoint a local board member to the Local Government New Zealand National Council
- g) kopou / appoint a member of the governing body to represent Auckland Council at meetings of the Local Government New Zealand Metropolitan Sector Group
- h) kopou / appoint a member of the governing body to represent Auckland Council at meetings of the Local Government New Zealand Regional Sector Group
- i) whakaae / agree to hold at least bi-annual meetings of Auckland Council with the president and chief executive of Local Government New Zealand (or their representatives), with the arrangements for such meetings decided by the three Auckland Council representatives who are members of the Local Government New Zealand National Council
- j) whakaae / agree that such meetings be co-chaired by the councillor and local board member who are appointed to the Local Government New Zealand National Council
- k) whakaū / confirm the delegation to the Mayor to make the decisions of Auckland Council in relation to the election of chairs to sector groups or appointments to Local Government New Zealand committees or other bodies, where a meeting of the Governing Body might otherwise be required.

Horopaki Context

What is Local Government New Zealand (LGNZ)

10. LGNZ is constituted as an incorporated society (New Zealand Local Government Association Inc). The members of the society are individual councils. Participation in LGNZ is focused on elected members. The LGNZ National Council employs a chief executive who is responsible for the staff of LGNZ. Auckland Council staff have working relationships with the staff of LGNZ on matters of mutual interest such as the development of standing orders or matters that require legislative change.

11. The objectives of LGNZ, under the constitution, are summarised as:
 - promoting the national interests of local government
 - advocating on matters affecting the national interests of local government
 - dialogue with government, parliamentarians and government agencies
 - providing information to members
 - researching matters on behalf of member authorities
 - providing advice and training opportunities
 - holding conferences.
12. The components of LGNZ are:
 - National Council, which is the governing body of LGNZ
 - National Council Committees, including Te Maruata and Young Elected Members committees
 - Zones, which are geographical groups of councils and Auckland Council which is its own zone
 - Sector Groups, which are groups of councils based on local government sectors (metropolitan, provincial, regional, rural).
13. The president and vice-president are elected at an annual general meeting by ballot of member councils.
14. The National Council comprises the president and 17 members who are generally appointed by zones and sectors. Provision has been made in the LGNZ constitution for three members of Auckland Council on the National Council. The National Council employs the chief executive.
15. Zones and sectors generally:
 - make appointments to the National Council
 - provide advice to the National Council
 - disseminate information to members
 - assist the National Council with dealing with issues
 - receive updates from LGNZ on issues facing local government.
16. The Zones and Sector Groups make their appointments to the National Council by ballot conducted by LGNZ.

Composition of the National Council

17. The National Council comprises:
 - the President
 - the chair of Te Maruata
 - one person appointed by the Young Elected Members Network
 - one member elected by each of zones 1, 2, 3, 4, 5, 6
 - three members elected by the Metropolitan Sector Group (except Auckland Council)
 - two members elected by the Regional Sector Group
 - one member appointed by each of the provincial and rural groups

- the Mayor of Auckland
 - one elected member appointed by the Auckland Council governing body
 - one elected member appointed by the Auckland Council local boards.
18. Of the groups Auckland Council belongs to, the Metropolitan Sector Group appoints three members, and the Regional Sector Group appoints two members. An Auckland Council elected member cannot be appointed by the Metropolitan Sector Group to the National Council. These appointments must take place within eight weeks following a triennial election.
19. Committees of the National Council in the previous term included:
- the Governance and Strategy advisory group
 - the Policy advisory group
 - the Audit and Risk committee
 - the chief executive's forum
 - Te Maruata - who foster and support a network of Māori elected members and staff of local government for the purpose of sharing information, challenges and aspirations relevant to kaupapa Māori.
 - the Young Elected Members' committee who represent elected members under the age of 40.
 - the Community Board Executive Committee (an advisory committee).

Tātaritanga me ngā tohutohu Analysis and advice

Membership cost

20. Auckland Council's annual subscription for 2022/2023 is \$350,352.26 excluding GST and the current membership expires on 31 March 2023. In addition there are costs associated with attending the annual conference and other activities and costs associated with providing staff support for activities that arise from membership of LGNZ. Costs associated with conference attendance have been approximately \$20,000 for each of the previous two conferences. A subscription of \$25,000 is paid towards LGNZ's Mayors' Taskforce for Jobs programme.
21. That expenditure could be applied to other council services, particularly at a time when reductions to services are having to be made.
22. Staff support for activities associated with LGNZ is not recorded but is also not insignificant. It includes but is not limited to:
- support for quarterly Auckland Zone meetings (meeting invites, agenda compilation, liaison with LGNZ staff, minutes) and correspondence
 - conference attendance (reports to Governing Body and Local Boards, flight and accommodation bookings)
 - policy advice on advocacy issues to be included as remits. Briefing papers to elected members at a zone meeting and then again for national council members.
 - communication and compilation of excellence awards nominations.
23. LGNZ's latest annual report (for 2021/2022) shows that its net surplus before tax (after deducting operating expenses) was \$341,007.

Benefits of membership

24. There are 78 councils in New Zealand with populations ranging in size from 600 (Chatham Islands) to 1.67 million (Auckland). The average population size per council is approximately 85,000 (about the size of an Auckland Council ward). After Auckland Council the next largest council in terms of population is Canterbury Regional Council with a population of 655,100. The largest city is Christchurch with a population of 389,130.
25. Auckland Council is considerably larger than any other council in New Zealand (in terms of population and resources) and is large enough to provide policy advice and elected member development without calling on LGNZ services. Specific services that Auckland Council does not use include elected member professional development and election promotion.
26. LGNZ comprises and represents all councils in New Zealand. It is the body that central Government Ministers consult when seeking a view from the local government sector.
27. There may be reasons for maintaining membership which are not quantifiable. Considerations might include:
 - (a) whether New Zealand should have an association of councils that represents the local government sector and, if so, whether, in principle, Auckland Council should support this
 - (b) whether there is a benefit to Auckland Council socialising Auckland issues with other councils in terms of other councils understanding and accepting central government allocation of resources to meet Auckland issues and whether there is a risk to Auckland issues being addressed if Auckland Council does not maintain its LGNZ membership
 - (c) whether there will be a need for a sector approach to various reforms, including a potential reform of local government itself (the Future for Local Government Review).
28. LGNZ's latest annual report notes that LGNZ has co-ordinated a sector response to major reforms, including the Resource Management Act reforms.
29. Into the future, there is the possibility of major local government reforms arising from the report of the Future for Local Government Review Panel. If this happens, it could be beneficial for Auckland Council to be a part of a sector approach to those reforms, in which case a future council might choose to re-join LGNZ if the current council resigns its membership.
30. Auckland Council has significant influence on National Council, having three seats.
31. Examples of LGNZ involvement in issues which have benefited Auckland Council include:
 - participating in the Supreme Court hearing of Auckland Council's accommodation provider targeted rate
 - LGNZ's business arm Equip collaborating with NZTA and Road Control Authorities on LED dimmable streetlighting, leading to considerable savings; these savings are a result of the Electricity Authority approving a profile for which LGNZ is the profile owner. At the time this report was finalised staff had spoken with Auckland Transport who verify that these savings are now realisable and are worth around \$1million per annum. Access to these savings is only available to members of LGNZ. It would some time for Auckland Council to have its own profile approved by the Electricity Authority
 - deploying an 'Adopt a Community' initiative following the recent weather events whereby 30 councils have volunteered to raise funds for councils whose communities are suffering. Hamilton City Council adopted Auckland and resolved to donate \$5,000 to the Mayoral Relief Fund and promote donations to the fund from the Hamilton community.

Appointments to be made if a decision is made to retain membership

32. The following paragraphs provide further information to assist the Governing Body if it chooses to continue its membership and to make appointments at today's meeting.

Auckland Zone meetings with LGNZ

33. Following the 2019 LGNZ AGM changes to the constitution, Auckland Council no longer belongs to a geographical zone group but meets with LGNZ as Auckland Zone.
34. The role of a zone includes receiving reports from LGNZ about matters of national interest to local authorities and communicating to LGNZ their issues and concerns. The key item of interest at zone meetings is the national update from LGNZ. The president and chief executive of LGNZ (or their representatives) attend to present the update.
35. Although not expressly set out in the changes to the constitution, there is an understanding that Auckland Council will continue to meet with the president and chief executive of LGNZ (or their representatives) on a regular basis and at least twice a year, to ensure an ongoing regional dialogue and to identify and advise LGNZ on issues and concerns affecting the Auckland region.
36. The practice has been for Auckland Zone meetings to be co-chaired by the councillor and local board member appointed to the LGNZ National Council. A co-chair approach recognises the role of local boards.

Metropolitan Sector Group

37. The Metropolitan Sector Group comprises member councils having populations exceeding 90,000.
38. In the past term the council's representative was the Mayor, with the Deputy Mayor attending some of the meetings on his behalf. Given the size of Auckland and the expectation that council representatives at Metropolitan Sector Group meetings would be at the level of Mayor and Chief Executive, the Governing Body has previously appointed the Mayor to represent the council at meetings of the Metropolitan Sector Group.

Regional Sector Group

39. The Regional Sector Group comprises all regional and unitary councils. In the past term, the council's representative was the Deputy Mayor. The Regional Sector Group has two seats on the National Council. Auckland Council can only vote for representatives on the National Council in one sector group.

Committees

40. Committees of LGNZ in which Auckland Council has, or has had, involvement include the Young Elected Members Network, Te Maruata and National Council advisory committees.
41. Logan Soole, Franklin Local Board, and Nerissa Henry, Maungakiekie-Tāmaki Local Board, are members of the Young Elected Members Network. Logan Soole is the Young Elected Members Network representative on the National Council.
42. Te Maruata Rōpu Whakahaere promotes increased representation of Māori. Councillor Alf Filipaina has been previously involved in Te Maruata. The membership of Rōpu Whakahaere is chosen at the first hui of Māori elected members following the elections.
43. In the previous term the National Council had a Governance and Strategy Advisory Group, in which Councillor Angela Dalton participated, and a Policy Advisory Group, in which Councillor Richard Hills participated.

Tauākī whakaaweawe āhuarangi Climate impact statement

44. Climate change is increasingly impacting councils assets and services and it may be important to have a co-ordinated sector approach to these.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

45. Appointments to LGNZ do not impact on the council group.

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

46. The LGNZ Rules were changed in 2019 to give local boards greater recognition. There is now a designated seat on the LGNZ National Council for a local board member appointed by Auckland local boards.
47. Following the previous elections all local boards delegated the ability to appoint the local board representative to a selection panel comprising all local board chairs. It is proposed that a similar process be used this term if council decides to renew its subscription.

Tauākī whakaaweawe Māori Māori impact statement

48. The LGNZ National Council has a sub-committee, Te Maruata, whose role is to promote increased representation of Māori as elected members of local government, and of enhancing Māori participation in local government processes. It also provides support for councils in building relationships with iwi, hapu and Māori groups. Te Maruata provides Māori input on the development of future policies or legislation relating to local government.
49. Appointments to Te Maruata are not made by councils, but Councillor Alf Filipaina was a member of this sub-committee in the previous term. The Chair of Te Maruata is a member of the LGNZ National Council.

Ngā ritenga ā-pūtea Financial implications

50. Resigning from LGNZ will make a year on year saving of approximately \$400,000 and will also release staff time that could be either given to:
- other work prioritised by council
 - having fewer support staff.
51. The costs of remaining in LGNZ can be met within existing budgets.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

52. By making delegations to the Mayor, the council mitigates the risk of not participating in some elections and appointments of various chair positions following the triennial elections. These appointments and elections have now occurred but there is the possibility of vacancies arising.

Ngā koringa ā-muri Next steps

53. The LGNZ Constitution, Rule C 4, requires one month's notice of resignation:
- “Any Member Authority or associate member may resign from membership by giving to LGNZ notice in writing, and every notice, unless otherwise expressed, takes effect one month after the giving of that notice but does not in any case release the Member Authority or associate member from payment of any subscription, fees or other payments owing to LGNZ at the time of resignation.”*
54. If the Governing Body decides to resign the membership of Auckland Council from LGNZ, staff will arrange the required notice to LGNZ under the signature of the Mayor.

55. If the Governing Body decides to continue membership and makes appointments, staff will advise LGNZ and assist with the arrangements for Auckland Council/LGNZ meetings.

Item 12

Ngā tāpirihanga Attachments

No.	Title	Page
A 	LGNZ Annual Report 2021/22	
B 	Local board feedback	

Ngā kaihaina Signatories

Author	Warwick McNaughton - Principal Advisor
Authorisers	Rose Leonard - Manager Governance Services Phil Wilson - Director, Governance & CCO Partnerships Jim Stabback - Tumu Whakarae / Chief Executive

Recovery from January Floods and Cyclone Gabrielle (Covering report)

File No.: CP2023/03202

Item 13

Te take mō te pūrongo

Purpose of the report

1. To update the Governing Body on the transition from the response to the recovery from the January Flooding and Cyclone Gabrielle, including status, key issues and priorities, and mobilisation of the Recovery Coordination Office for Tāmaki Makaurau.
2. To approve up to \$3m of unbudgeted costs in the current FY23 financial year to support the operation of the Recovery Office, preparation of the Recovery Plan, retention of specialist expertise (for example Geotech and other engineering advice), workforce and other resourcing.

Whakarāpopototanga matua

Executive summary

3. This is a late covering report for the above item. The comprehensive agenda report was not available when the agenda went to print and will be provided prior to the 23 March 2023 Governing Body meeting.

Ngā tūtohunga

Recommendation/s

The recommendations will be provided in the comprehensive agenda report.

Appointment of Group Recovery Manager for the January Floods and Cyclone Gabrielle (Covering report)

File No.: CP2023/03203

Item 14

Te take mō te pūrongo

Purpose of the report

1. To update the Governing Body on the process for appointment of the Group Recovery Manager for the January Floods and Cyclone Gabrielle.

Whakarāpopototanga matua

Executive summary

2. This is a late covering report for the above item. The comprehensive agenda report was not available when the agenda went to print and will be provided prior to the 23 March 2023 Governing Body meeting.

Ngā tūtohunga

Recommendation/s

The recommendations will be provided in the comprehensive agenda report.

City Rail Link Limited Project Funding Request

File No.: CP2023/03117

Te take mō te pūrongo Purpose of the report

1. To note an updated funding commitment for the City Rail Link (CRL) project, received by City Rail Link Limited on 14 March 2023 that will be considered in the confidential part of this meeting.

Whakarāpopototanga matua Executive summary

2. City Rail Link limited (CRL Ltd) is a joint owned company set up by Auckland Council and the Crown (Sponsors) in 2017 to manage and deliver the City Rail Link project.
3. CRL Ltd have requested an additional \$1.074 billion of funding for the project from the two sponsors. This reflects a \$1.074 billion increase to the previously estimated total project cost of \$4.419 billion, which was approved by the sponsors in May 2019, to a new total of \$5.493 billion.
4. The cost increase has been primarily driven by the Covid-19 pandemic and associated lockdowns, which has resulted in staffing, supply chain and technical-related challenges associated with a project of this scale and complexity, and inflation in construction costs.
5. The council has a range of funding options available, however it will require key decisions to be made in the 10-year Budget 2024-2034.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) tuhi ā-taipitopito / note the information about the updated funding request outlined in this report
- b) tuhi ā-taipitopito / note that a report on the confidential section of the agenda seeks decisions regarding an updated funding commitment for the City Rail Link (CRL) project.
- c) tuhi ā-taipitopito / note that the report is confidential due to

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Claire Gomas - Principal Advisor
Authoriser	Jim Stabback - Tumu Whakarae / Chief Executive

Governing Body's Forward Work Programme

File No.: CP2023/02595

Te take mō te pūrongo Purpose of the report

1. To whakaae / approve the Governing Body's Forward Work Programme.

Whakarāpopototanga matua Executive summary

2. The forward work programme identifies areas of work where the Governing Body has to make a decision. It is in line with the forward work programmes of all other committees.
3. Projects are briefly described and identified as requiring either decision or direction. Where possible, likely timeframes for the projects coming before the Governing Body have also been identified.
4. The forward work programme will be updated and reported monthly for information as part of the summary of information report.
5. Staff recommend that the forward work programme be reviewed on a six-monthly basis in March and September each year.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakaae / approve the Governing Body's forward work programme
- b) whakaae / agree that the Governing Body's forward work programme be reported monthly for information and reviewed on a six-monthly basis in March and September each year.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	Forward Work Programme	

Ngā kaihaina Signatories

Author	Sandra O'Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors
Authoriser	Jim Stabback - Tumu Whakarae / Chief Executive

Summary of Governing Body and Committee information memoranda and briefings - 23 March 2023

File No.: CP2023/01676

Te take mō te pūrongo Purpose of the report

1. To receive a summary and provide a public record of memoranda or briefing papers that may have been distributed to the Governing Body or its committees.

Whakarāpopototanga matua Executive summary

2. This is a regular information-only report which aims to provide greater visibility of information circulated to Governing Body members via memoranda/briefings or other means, where no decisions are required.
3. The following memos or information were circulated to members of the Governing Body:

Date	Subject
28.2.23	Auckland Council's submission to the Future for Local Government Review
6.3.23	January performance report
6.3.23	Action from Waitākere Ranges Local Board Meeting of 23 February 2023 relating to a Notice of Motion on Extreme Weather Events and Proposed Plan Change 78
9.3.23	Budget impacts on the Urban Regeneration Programme
15.3.23	Auckland Council NZX Release, Financial Update – City Rail Link and Storm Impacts
16.3.23	Action from Kaipatiki Local Board Meeting of 15 March 2023 relating to a Notice of Motion on Extreme Weather Events and Proposed Plan Change 78

4. The following workshops/briefings have taken place for the Governing Body:

Date	Subject
22.02.23	Feedback on Proposal to amend DC policy to add projects beyond 2031 for Drury
15.3.23	Representation Matters CONFIDENTIAL (No attachment)

5. This document can be found on the Auckland Council website, at the following link:

<http://infocouncil.aucklandcouncil.govt.nz/>

- at the top left of the page, select meeting/Te hui “Governing Body” from the drop-down tab and click “View”;
- under ‘Attachments’, select either the HTML or PDF version of the document entitled ‘Extra Attachments’.








6. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Governing Body members should direct any questions to the authors.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whiwhi / receive the Summary of Governing Body and other committee information memoranda and briefings – 23 March 2023.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	Auckland Council's submission to the Future for Local Government Review (<i>Under Separate Cover</i>)	
B 	Memorandum: January performance report (<i>Under Separate Cover</i>)	
C 	Action from Waitākere Ranges Local Board Meeting of 23 February 2023 relating to a Notice of Motion on Extreme Weather Events and Proposed Plan Change 78 (<i>Under Separate Cover</i>)	
D 	Memorandum: Budget impacts on the Urban Regeneration Programme (<i>Under Separate Cover</i>)	
E 	Memorandum: Auckland Council NZX Release, Financial Update – City Rail Link and Storm Impacts (<i>Under Separate Cover</i>)	
F 	Action from Kaipatiki Local Board Meeting of 15 March 2023 relating to a Notice of Motion on Extreme Weather Events and Proposed Plan Change 78 (<i>Under Separate Cover</i>)	
G 	WORKSHOP: Feedback on Proposal to amend DC policy to add projects beyond 2031 for Drury (<i>Under Separate Cover</i>)	

Ngā kaihaina Signatories

Author	Sarndra O'Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors
Authoriser	Jim Stabback - Tumu Whakarae / Chief Executive

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the **Governing Body**

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 **CONFIDENTIAL: Appointment of Group Recovery Manager for the January Floods and Cyclone Gabrielle (Covering report)**

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)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about the recommended Group Recovery Manager (and proposed alternate should this person be unavailable/unable to take up the appointment.	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 **CONFIDENTIAL: Funding and supplier recommendation for Te Hā Noa - Victoria Street Linear Park**

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)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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, the report contains information that could prejudice the council's position with potential suppliers.	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.

C3 CONFIDENTIAL: City Rail Link Limited Project Funding Request (Covering report)

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.	<p>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.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>The report seeks decisions that also need to be agreed by the Crown as joint Sponsors of City Rail Link Limited.</p> <p>The report includes information that would impact commercial negotiations if public knowledge.</p>	<p>s48(1)(a)</p> <p>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.</p>

C4 CONFIDENTIAL: Eden Park Trust Board Presentation

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.	<p>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.</p> <p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>In particular, the report contains sensitive information the disclosure of which would be likely to disadvantage Eden Park Trust's commercial position.</p>	<p>s48(1)(a)</p> <p>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.</p>

C5 CONFIDENTIAL: Process for the Governing Body to appoint the next Chief Executive (Covering report)

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
<p>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.</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>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).</p> <p>In particular, this report contains information that relates to the setting of a recruitment process for the chief executive, and the committee may discuss matters relating to the person specification or potential candidates.</p>	<p>s48(1)(a)</p> <p>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.</p>