

Diversified Financial Assets Portfolio (DFAP)

The Diversified Financial Assets Portfolio (DFAP) was a portfolio of New Zealand and global equities, bonds and cash initially established by Auckland Regional Council.

A few questions have been asked about the DFAP:

1. What was the value of this fund at amalgamation?
2. How much was in it when Phil Goff took over as Mayor from Len Brown?
3. What is the value today?
4. What will the value be after Mayor Phil Goff's budget announcement on Wednesday, 22 May 2019?

The timeline below should answer the above questions about the fund:

| | |
|-------------------|--|
| 30 October 2010 | <ul style="list-style-type: none"> • The value of the DFAP transferred from Auckland Regional Council to Auckland Council upon amalgamation was \$260.5 million |
| October 2015 | <ul style="list-style-type: none"> • Reports prepared by both EY and Cameron Partners into alternative forms of financing for the council identified the DFAP as an area for further investigation. They identified the DFAP as a commercial rather than strategic asset and it was noted that the rationale for holding DFAP was weak and it is unusual for an organisation with the objectives of Auckland Council to hold such an asset. |
| 13 May 2016 | <ul style="list-style-type: none"> • Reports prepared by council staff to support the Mayoral Proposal for the Annual Budget 2016/2017 recommended the orderly divestment of the DFAP. • At this time the fund was valued at \$335 million • The council resolved through resolution FIN/2016/66 (see minutes attached) to “draw down, if required, up to \$100 million per annum of the Diversified Financial Asset portfolio for the 2016/2017 and 2017/2018 financial years in order to manage the debt ratios within prudent limits”. |
| 30 August 2016 | <ul style="list-style-type: none"> • \$100 million drawn down from fund to reduce council borrowings |
| 30 September 2016 | <ul style="list-style-type: none"> • The balance of the fund just prior to the 2016 local body election was \$226 million |
| 11 April 2017 | <ul style="list-style-type: none"> • The Finance and Performance Committee resolved to (resolution number FIN/2017/46): <ul style="list-style-type: none"> ○ endorse a review of the long term viability of the Diversified Financial Asset Portfolio, given current balance sheet constraints and the need for capital to fund infrastructure development ○ note that staff will report back on the long term viability of the Diversified Financial Asset Portfolio, no later than 30 June 2017 |
| 20 June 2017 | <ul style="list-style-type: none"> • Staff reported back in line with the April resolution. • The Finance and Performance Committee approved through resolution FIN/2017/88 (see minutes attached) full divestment of the DFAP with a target completion date no later than 30 June 2018 |
| 30 June 2017 | <ul style="list-style-type: none"> • The balance of the fund was \$237 million |
| 30 September 2017 | <ul style="list-style-type: none"> • The remainder of the DFAP has been sold and the proceeds (\$240 million) used to reduce council borrowings |

Finance and Performance Committee

OPEN MINUTES

Minutes of a meeting of the Finance and Performance Committee held in the Reception Lounge, Auckland Town Hall, 301-305 Queen Street, Auckland on Friday, 13 May 2016 at 9:35am.

PRESENT

| | | |
|---------------------------|--------------------------------|-----------------------|
| Chairperson | Cr Penny Webster | |
| Deputy Chairperson | Cr Ross Clow | |
| Members | Cr Anae Arthur Anae | |
| | Cr Cameron Brewer | |
| | Mayor Len Brown, JP | |
| | Cr Dr Cathy Casey | |
| | Cr Bill Cashmore | |
| | Cr Linda Cooper, JP | |
| | Cr Chris Darby | |
| | Cr Alf Filipaina | |
| | Cr Hon Christine Fletcher, QSO | |
| | Deputy Mayor Penny Hulse | |
| | Cr Denise Krum | |
| | Cr Mike Lee | From 9.50am, Item 10 |
| | Cr Calum Penrose | |
| | Cr Dick Quax | |
| | Cr Sharon Stewart, QSM | |
| | Member David Taipari | |
| | Member John Tamihere | From 10.11am, Item 12 |
| | Cr Sir John Walker, KNZM, CBE | |
| | Cr Wayne Walker | |
| | Cr John Watson | |
| | Cr George Wood, CNZM | |

1 Apologies

Resolution number FIN/2016/50

MOVED by Deputy Chairperson R Clow, seconded by Cr LA Cooper:

That the Finance and Performance Committee:

- a) **accept the apology from Member John Tamihere for lateness.**

CARRIED

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number FIN/2016/51

MOVED by Deputy Chairperson R Clow, seconded by Cr CM Penrose:

That the Finance and Performance Committee:

- a) **confirm the ordinary minutes of its meeting, held on Tuesday, 12 April 2016, including the confidential section, as a true and correct record.**

CARRIED

4 Petitions

There were no petitions.

5 Public Input

There was no public input.

6 Local Board Input

There was no local board input.

7 Extraordinary Business

There was no extraordinary business.

8 Notices of Motion

There were no notices of motion.

9 Annual Budget 2016/2017 - Overview to decision-making

Resolution number FIN/2016/52

MOVED by Chairperson MP Webster, seconded by Cr LA Cooper:

That the Finance and Performance Committee:

- a) **recommend to the Governing Body that it agree the Tūpuna Maunga Authority Operational Plan 2016/17 (Attachment A to the agenda report) and Summary of the Tūpuna Maunga Authority Operational Plan 2016/17 (Attachment B to the agenda report) for inclusion in the Annual Plan 2016/2017.**
- b) **note that other decisions required to finalise the Annual Plan 2016/2017 are set out in separate reports on this agenda.**

CARRIED

10 Annual Budget 2016/2017 - local board feedback

Cr ME Lee joined the meeting at 9.50 am.

Resolution number FIN/2016/53

MOVED by Cr CE Fletcher, seconded by Chairperson MP Webster:

That, when agreeing 2016/2017 budgets, the Finance and Performance Committee:

- a) **consider feedback from local boards on regional financial policy issues, advocacy and proposals for Business Improvement District targeted rates and local targeted rates.**

CARRIED

11 Local Board budget update

Resolution number FIN/2016/54

MOVED by Chairperson MP Webster, seconded by Cr C Darby:

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

- a) **release reserve funds of \$1,384,237 held from legacy councils.**
- b) **approve \$3.9 million of capital funding for Locally Driven Initiatives opex to capex conversion which will be sourced through local discretionary budgets.**
- c) **approve a Locally Driven Initiatives increase of \$57,230 for Great Barrier Local Board and \$29,472 for Waiheke Local Board, who have the option to negotiate their Locally Driven Initiatives funding annually with the governing body as part of the Local Board Funding Policy.**
- b) **approve the operating budget amount of \$2,096,600 in Attachment A to the agenda report to be deferred from 2015/2016 to 2016/2017.**

CARRIED

12 Final Annual Plan 2016/17 - Mayoral Proposal

Cr W Cashmore declared an interest in clause a) iii) – general rate differential for farm and lifestyle properties and took no part in discussion or voting on this matter.

Member J Tamihere joined the meeting at 10.11 am.

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
 - i) that the UAGC be set at \$394
 - ii) that the Interim Transport Levy (targeted rate) be set to retain the status quo of a fixed charge of \$113.85 (including GST) for non-business ratepayers and \$182.85 (including GST) for business ratepayers
 - iii) that the general rate differential for farm and lifestyle properties be retained at its present level of 80 per cent of the urban residential rate
 - iv) that the Māori Freehold Land rates remission and postponement policy be amended to include remissions:
 - 1) to adjust rates to the equivalent of those that would have been charged, had the property been valued excluding any potential use that is unlikely to be achieved within Māori ownership
 - 2) to adjust rates to the equivalent of those that would have been charged, had the rateable value of the property been adjusted by 10 per cent; where properties have significant barriers to development such as owners being deceased or not succeeded to
 - 3) for marae and urupā land in excess of the two hectare limit for non-rateability
 - 4) for land returned under treaty settlement for commercial redress where the land is set aside and protected for cultural, historic or natural conservation purposes or because it is wahi tapu, or used for a marae or urupā.
 - v) that the Rates remission and postponement policy be amended to remit fixed charges on Māori Freehold Land on multiple titles used as single property
 - vi) that a two year pilot programme providing financial assistance of up to \$35,000 per property to eligible homeowners in Piha, Te Henga, Karekare and Little Oneroa catchments to replace or upgrade their failing septic tank systems be established. This will be funded by a targeted rate set from 1 July 2017
 - vii) that a targeted rate be set (at two thirds of the level set regionally for a full year recycling service) to fund a fortnightly kerbside fully commingled recycling collection in rural Franklin
 - viii) that the Brown's Bay, Glen Eden and North Harbour BIDs are extended
- b) recommend to the Governing Body that the budget for the final Annual Plan 2016/2017 be based on year two of the Long-term Plan 2015-2025, adjusted for the updates set out in the staff reports, and to incorporate the following changes and specific decisions:
 - i) Auckland Council continue its existing public transport concessions for the 2016/2017 financial year

- ii) additional funding to Auckland Transport of \$1.5 million noting that the remaining \$1.5 million estimated cost of the discontinued government subsidy to come from internal savings in Auckland Transport
 - iii) additional capital funding of \$30 million in 2016/2017 and \$20 million in 2017/2018 to Auckland Transport to support the early acquisition of land for future capital projects excluding light rail
 - iv) request Auckland Transport to work with NZTA and Kiwirail to retain the land at the Waterview Tunnel construction site until the decision on the light rail project has been progressed
 - v) Additional operating expenditure of \$150,000 to deliver town and local centre clean-ups across the region.
- c) request Auckland Transport to collect data on the usage of the SuperGoldcard and Senior Citizens card during peak periods over the next 12 months and report this back to council for further consideration of the current subsidy
- d) request the Mayor write to the Minister of Transport regarding the withdrawal of public transport subsidy for SuperGold card holders in the afternoon peak and Auckland Senior Citizen card holders expressing council's disappointment in this decision, particularly in light of the work that has been undertaken jointly to increase public transport usage
- e) recommend to the Governing Body that the Group Financial Officer be authorised to draw down up to \$100 million per annum of the Diversified Financial Asset portfolio for the 2016/2017 and 2017/2018 financial years in order to manage the debt ratios within prudent limits.
- f) request a report be brought back to the Finance and Performance Committee exploring the opportunity to:
- i) set-up a Trust structure to secure funding for, and oversee, the restoration of Whare building at Monte Cecilia park
 - ii) re-allocate \$300,000 to the Whare from the budget for a functions facility at the Pah homestead site.
- g) request that the Puketapapa Local Board's planning options for Liston Village be presented to the Auckland Development Committee for further consideration.
- h) recommend to the Governing Board that a report be brought back to the Regional Strategy and Policy Committee on the options for managing damaged headstones in closed and open cemeteries, particularly those of historic value, and that in the meantime a budget of \$50,000 be provided for 2016/17 for immediate maintenance issues.
- i) request a report be brought back to the Finance and Performance Committee on the operations of the Local Board capex fund and the concerns that have been raised by Local Boards in relation to the barriers to using this fund in a similar way to the previous Community Facilities Partnership fund, so that this can inform the next Annual Plan.
- j) request staff to expedite the work on coastal erosion so that implementation of the highest priority projects can start as soon as possible and that identified funding shortfalls be part of the consideration for the next LTP.

Member DE Taipari left the meeting at 10.50 am.

Member DE Taipari returned to the meeting at 10.57 am.

The meeting adjourned at 12.01pm.

The meeting reconvened at 12.10pm

MOVED by Cr GS Wood, seconded by Cr SL Stewart, as an amendment to clause a) i):

i) that the UAGC be set at \$500

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|----------------|---------------------------|------------------|
| Cr C Brewer | Cr AJ Anae | |
| Cr C Darby | Mayor LCM Brown | |
| Cr CE Fletcher | Cr C Casey | |
| Cr DA Krum | Cr W Cashmore | |
| Cr D Quax | Deputy Chairperson R Clow | |
| Cr SL Stewart | Cr LA Cooper | |
| Cr GS Wood | Cr AM Filipaina | |
| | Deputy Mayor PA Hulse | |
| | Cr ME Lee | |
| | Cr CM Penrose | |
| | Member DE Taipari | |
| | Member J Tamihere | |
| | Cr JG Walker | |
| | Cr WD Walker | |
| | Cr J Watson | |
| | Chairperson MP Webster | |

The motion was declared LOST by 7 votes to 16.

MOVED by Cr C Brewer, seconded by Cr DA Krum, as an amendment to clause a) i):

i) that the UAGC be set at \$450

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|----------------|---------------------------|------------------|
| Cr C Brewer | Cr AJ Anae | |
| Cr C Darby | Mayor LCM Brown | |
| Cr CE Fletcher | Cr C Casey | |
| Cr DA Krum | Cr W Cashmore | |
| Cr D Quax | Deputy Chairperson R Clow | |
| Cr SL Stewart | Cr LA Cooper | |
| Cr GS Wood | Cr AM Filipaina | |
| | Deputy Mayor PA Hulse | |
| | Cr ME Lee | |
| | Cr CM Penrose | |
| | Member DE Taipari | |
| | Member J Tamihere | |
| | Cr JG Walker | |
| | Cr WD Walker | |
| | Cr J Watson | |
| | Chairperson MP Webster | |

The motion was declared LOST by 7 votes to 16.

MOVED by Cr C Casey, seconded by Cr AJ Anae, as an amendment to clause a) i):

i) that the UAGC be set at \$350

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|-------------------|---------------------------|------------------|
| Cr AJ Anae | Cr C Brewer | |
| Cr C Casey | Mayor LCM Brown | |
| Member DE Taipari | Cr W Cashmore | |
| Member J Tamihere | Deputy Chairperson R Clow | |
| | Cr LA Cooper | |
| | Cr C Darby | |
| | Cr AM Filipaina | |
| | Cr CE Fletcher | |
| | Deputy Mayor PA Hulse | |
| | Cr DA Krum | |
| | Cr ME Lee | |
| | Cr CM Penrose | |
| | Cr D Quax | |
| | Cr SL Stewart | |
| | Cr JG Walker | |
| | Cr WD Walker | |
| | Cr J Watson | |
| | Chairperson MP Webster | |
| | Cr GS Wood | |

The motion was declared LOST by 4 votes to 19.

Resolution number FIN/2016/55

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:

i) that the UAGC be set at \$394

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|---------------------------|----------------|------------------|
| Cr AJ Anae | Cr C Brewer | |
| Mayor LCM Brown | Cr C Darby | |
| Cr C Casey | Cr CE Fletcher | |
| Cr W Cashmore | Cr DA Krum | |
| Deputy Chairperson R Clow | Cr D Quax | |
| Cr LA Cooper | Cr SL Stewart | |
| Cr AM Filipaina | Cr GS Wood | |
| Deputy Mayor PA Hulse | | |
| Cr ME Lee | | |
| Cr CM Penrose | | |
| Member DE Taipari | | |
| Member J Tamihere | | |
| Cr JG Walker | | |
| Cr WD Walker | | |
| Cr J Watson | | |
| Chairperson MP Webster | | |

The motion was declared CARRIED by 16 votes to 7.

CARRIED

MOVED by Deputy Chairperson R Clow, seconded by Cr C Casey, as an amendment to clause a) ii):

- ii) that the interim Transport Levy (targeted rate) be set to collect 32.7 per cent of the revenue requirement from the business sector and 67.3 per cent from the non-business sector (to align with the formula for the general rates) with a fixed charge \$90 (including GST) for non-business ratepayers and based on capital value for business ratepayers.

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|---------------------------|------------------------|------------------|
| Cr C Casey | Cr AJ Anae | |
| Deputy Chairperson R Clow | Cr C Brewer | |
| Cr ME Lee | Mayor LCM Brown | |
| | Cr W Cashmore | |
| | Cr LA Cooper | |
| | Cr C Darby | |
| | Cr AM Filipaina | |
| | Cr CE Fletcher | |
| | Deputy Mayor PA Hulse | |
| | Cr DA Krum | |
| | Cr CM Penrose | |
| | Cr D Quax | |
| | Cr SL Stewart | |
| | Member DE Taipari | |
| | Member J Tamihere | |
| | Cr JG Walker | |
| | Cr WD Walker | |
| | Cr J Watson | |
| | Chairperson MP Webster | |
| | Cr GS Wood | |

The motion was declared LOST by 3 votes to 20.

Resolution number FIN/2016/56

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) **recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:**
 - ii) **that the Interim Transport Levy (targeted rate) be set to retain the status quo of a fixed charge of \$113.85 (including GST) for non-business ratepayers and \$182.85 (including GST) for business ratepayers**

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|------------------------|---------------------------|------------------|
| Cr AJ Anae | Cr C Brewer | |
| Mayor LCM Brown | Cr C Casey | |
| Cr W Cashmore | Deputy Chairperson R Clow | |
| Cr LA Cooper | Cr DA Krum | |
| Cr C Darby | Cr ME Lee | |
| Cr AM Filipaina | Cr D Quax | |
| Cr CE Fletcher | Cr SL Stewart | |
| Deputy Mayor PA Hulse | Cr GS Wood | |
| Cr CM Penrose | | |
| Member DE Taipari | | |
| Member J Tamihere | | |
| Cr JG Walker | | |
| Cr WD Walker | | |
| Cr J Watson | | |
| Chairperson MP Webster | | |

The motion was declared CARRIED by 15 votes to 8.

CARRIED

The meeting adjourned at 1.39pm

The meeting reconvened at 2.17pm

Resolution number FIN/2016/57

MOVED by Cr CE Fletcher, seconded by Member DE Taipari:

That the Finance and Performance Committee:

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

CARRIED

Resolution number FIN/2016/58

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) **recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:**
- iii) **that the general rate differential for farm and lifestyle properties be retained at its present level of 80 per cent of the urban residential rate**

CARRIED

Resolution number FIN/2016/59

MOVED by Mayor LCM Brown, seconded by Cr CE Fletcher:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
- iv) that the Māori Freehold Land rates remission and postponement policy be amended to include remissions:
- 1) to adjust rates to the equivalent of those that would have been charged, had the property been valued excluding any potential use that is unlikely to be achieved within Māori ownership
 - 2) to adjust rates to the equivalent of those that would have been charged, had the rateable value of the property been adjusted by 10 per cent; where properties have significant barriers to development such as owners being deceased or not succeeded to
 - 3) for marae and urupā land in excess of the two hectare limit for non-rateability
- and also including:
- 4) for land returned under treaty settlement for commercial redress where the land is set aside and protected for cultural, historic or natural conservation purposes or because it is wahi tapu, or used for a marae or urupā.

CARRIED

Note: Pursuant to Standing order 1.8.6 Cr C Darby requested his dissenting vote be recorded against clause a) iv) 4).

Resolution number FIN/2016/60

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
- v) that the Rates remission and postponement policy be amended to remit fixed charges on Māori Freehold Land on multiple titles used as single property

CARRIED

Resolution number FIN/2016/61

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
- vi) that a two year pilot programme providing financial assistance of up to \$35,000 per property to eligible homeowners in Piha, Te Henga, Karekare and Little Oneroa catchments to replace or upgrade their failing septic tank systems be established. This will be funded by a targeted rate set from 1 July 2017

CARRIED

Resolution number FIN/2016/62

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
- vii) that a targeted rate be set (at two thirds of the level set regionally for a full year recycling service) to fund a fortnightly kerbside fully commingled recycling collection in rural Franklin

CARRIED

Resolution number FIN/2016/63

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
- viii) that the Brown's Bay, Glen Eden and North Harbour BIDs are extended

CARRIED

Resolution number FIN/2016/64

MOVED by Cr C Darby, seconded by Mayor LCM Brown as an amendment to clause b) iii), as follows:

That the Finance and Performance Committee:

- b) recommend to the Governing Body that the budget for the final Annual Plan 2016/2017 be based on year two of the Long-term Plan 2015-2025, adjusted for the updates set out in the staff reports, and to incorporate the following changes and specific decisions:
- i) additional capital funding of up to \$30 million in 2016/2017 and up to \$20 million in 2017/2018 to Auckland Transport (AT) to support the early acquisition of land for future capital projects, excluding light rail, reminding the AT Board that Council's highest weighting priority is public transport

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|---------------------------|-----------------------|-------------------------|
| Cr AJ Anae | Cr C Brewer | |
| Mayor LCM Brown | Cr C Casey | |
| Cr W Cashmore | Cr LA Cooper | |
| Deputy Chairperson R Clow | Cr DA Krum | |
| Cr C Darby | Cr ME Lee | |
| Cr AM Filipaina | Cr D Quax | |
| Cr CE Fletcher | Cr SL Stewart | |
| Deputy Mayor PA Hulse | Cr GS Wood | |
| Cr CM Penrose | | |
| Member DE Taipari | | |
| Member J Tamihere | | |
| Cr JG Walker | | |
| Cr WD Walker | | |
| Cr J Watson | | |
| Chairperson MP Webster | | |

The motion was declared **CARRIED** by 15 votes to 8.

CARRIED

Resolution number FIN/2016/65

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- b) recommend to the Governing Body that the budget for the final Annual Plan 2016/2017 be based on year two of the Long-term Plan 2015-2025, adjusted for the updates set out in the staff reports, and to incorporate the following changes and specific decisions:**
 - i) Auckland Council continue its existing public transport concessions for the 2016/2017 financial year**
 - ii) additional funding to Auckland Transport of \$1.5 million noting that the remaining \$1.5 million estimated cost of the discontinued government subsidy to come from internal savings in Auckland Transport**
 - iii) additional capital funding of up to \$30 million in 2016/2017 and up to \$20 million in 2017/2018 to Auckland Transport (AT) to support the early acquisition of land for future capital projects, excluding light rail, reminding the AT Board that Council's highest weighting priority is public transport**
 - iii) request Auckland Transport to work with NZTA and Kiwirail to retain the land at the Waterview Tunnel construction site until the decision on the light rail project has been progressed**
 - v) additional operating expenditure of \$150,000 to deliver town and local centre clean-ups across the region.**
- c) request Auckland Transport to collect data on the usage of the SuperGoldcard and Senior Citizens card during peak periods over the next 12 months and report this back to council for further consideration of the current subsidy**
- d) request the Mayor write to the Minister of Transport regarding the withdrawal of public transport subsidy for SuperGold card holders in the afternoon peak and Auckland Senior Citizen card holders expressing council's disappointment in this decision, particularly in light of the work that has been undertaken jointly to increase public transport usage**

CARRIED

Resolution number FIN/2016/66

MOVED by Deputy Chairperson R Clow, seconded by Member J Tamihere as an amendment to clause e) as follows:

That the Finance and Performance Committee:

- e) recommend to the Governing Body that the Chief Executive, Group Chief Financial Officer and chair of the Finance and Performance Committee be authorised to draw down, if required, up to \$100 million per annum of the Diversified Financial Asset portfolio for the 2016/2017 and 2017/2018 financial years in order to manage the debt ratios within prudent limits.**

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|---------------------------|----------------|------------------|
| Cr AJ Anae | Cr C Brewer | |
| Mayor LCM Brown | Cr C Casey | |
| Cr W Cashmore | Cr DA Krum | |
| Deputy Chairperson R Clow | Cr ME Lee | |
| Cr LA Cooper | Cr WD Walker | |
| Cr C Darby | Cr J Watson | |
| Cr AM Filipaina | Cr GS Wood | |
| Cr CE Fletcher | | |
| Deputy Mayor PA Hulse | | |
| Cr CM Penrose | | |
| Cr D Quax | | |
| Cr SL Stewart | | |
| Member DE Taipari | | |
| Member J Tamihere | | |
| Cr JG Walker | | |
| Chairperson MP Webster | | |

The motion was declared CARRIED by 16 votes to 7.

CARRIED

The Substantive motion was put.

Resolution number FIN/2016/67

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- e) **recommend to the Governing Body that the Chief Executive, Group Chief Financial Officer and chair of the Finance and Performance Committee be authorised to draw down, if required, up to \$100 million per annum of the Diversified Financial Asset portfolio for the 2016/2017 and 2017/2018 financial years in order to manage the debt ratios within prudent limits.**

CARRIED

MOVED by Cr C Brewer, seconded by Cr D Quax, an amendment by way of addition:

That the Finance and Performance Committee:

make available an additional \$50,000 of opex in 2016/2017 to complete the necessary early development work (including some public consultation to inform the design) and make \$200,000 of capex available in 2016/2017 to commence design, consenting and procurement for the new Meadowbank Community Centre facility.

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|-------------|---------------------------|------------------|
| Cr C Brewer | Cr AJ Anae | |
| Cr D Quax | Mayor LCM Brown | |
| | Cr C Casey | |
| | Cr W Cashmore | |
| | Deputy Chairperson R Clow | |
| | Cr LA Cooper | |
| | Cr C Darby | |
| | Cr AM Filipaina | |
| | Cr CE Fletcher | |
| | Deputy Mayor PA Hulse | |
| | Cr DA Krum | |
| | Cr ME Lee | |
| | Cr CM Penrose | |
| | Cr SL Stewart | |
| | Member DE Taipari | |
| | Member J Tamihere | |
| | Cr JG Walker | |
| | Cr WD Walker | |
| | Cr J Watson | |
| | Chairperson MP Webster | |
| | Cr GS Wood | |

The motion was declared LOST by 2 votes to 21.

Resolution number FIN/2016/68

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- f) request a report be brought back to the Finance and Performance Committee exploring the opportunity to:
 - i) set-up a Trust structure to secure funding for, and oversee, the restoration of Whare building at Monte Cecilia park**
 - ii) re-allocate \$300,000 to the Whare from the budget for a functions facility at the Pah homestead site.****
- g) request that the Puketapapa Local Board's planning options for Liston Village be presented to the Auckland Development Committee for further consideration**
- h) recommend to the Governing Board that a report be brought back to the Regional Strategy and Policy Committee on the options for managing damaged headstones in closed and open cemeteries, particularly those of historic value, and that in the meantime a budget of \$50,000 be provided for 2016/17 for immediate maintenance issues.**
- i) request a report be brought back to the Finance and Performance Committee on the operations of the Local Board capex fund and the concerns that have been raised by Local Boards in relation to the barriers to using this fund in a similar way to the previous Community Facilities Partnership fund, so that this can inform the next Annual Plan.**
- j) request staff to expedite the work on coastal erosion so that implementation of the highest priority projects can start as soon as possible and that identified funding shortfalls be part of the consideration for the next LTP.**

CARRIED

Resolution number FIN/2016/69

MOVED by Cr DA Krum, seconded by Cr GS Wood:

That the Finance and Performance Committee:

- k) seek a report to the Finance and Performance Committee providing a full analysis of Auckland Council's debt headroom over the next 5 years including analysis of the four variables: opex, capex, revenue and debt**

CARRIED

MOVED by Cr WD Walker, seconded by Cr J Watson, as an amendment by way of addition:

That the Finance and Performance Committee:

request that regional budgets, and levels of service, for weed management across parks including local parks, be adjusted to reflect the Council's Weed Management Policy which includes objectives to minimise the use of agrichemicals, ensure public health and safety, protect and enhance the environment, and ensure best practice in weed management and vegetation control.

Note: Pursuant to Standing order 1.2.4, the Chairperson ruled the motion out of order as it was being dealt with via another political advisory group.

The substantive motion was put.

Resolution number FIN/2016/70

MOVED by Mayor LCM Brown, seconded by Chairperson MP Webster:

That the Finance and Performance Committee:

- a) confirm its decisions made at this meeting under Item 12: Final Annual Plan 2016/2017 – Mayoral Proposal.**

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|---------------------------|-----------------------|-------------------------|
| Cr AJ Anae | Cr C Brewer | |
| Mayor LCM Brown | Cr C Casey | |
| Cr W Cashmore | Cr CE Fletcher | |
| Deputy Chairperson R Clow | Cr DA Krum | |
| Cr LA Cooper | Cr ME Lee | |
| Cr C Darby | Cr D Quax | |
| Cr AM Filipaina | Cr SL Stewart | |
| Deputy Mayor PA Hulse | Cr WD Walker | |
| Cr CM Penrose | Cr J Watson | |
| Member DE Taipari | Cr GS Wood | |
| Member J Tamihere | | |
| Cr JG Walker | | |
| Chairperson MP Webster | | |

The motion was declared **CARRIED** by 13 votes to 10.

CARRIED

Note: Pursuant to Standing Order 1.8.6 Cr C Darby requested his dissenting vote be recorded against clause a) iv) 4).

For clarity the resolutions for this item are as follows:

That the Finance and Performance Committee:

- a) recommend that the Governing Body adopt the following rates policy decisions for the Annual Plan 2016/2017:
 - i) that the UAGC be set at \$394
 - ii) that the Interim Transport Levy (targeted rate) be set to retain the status quo of a fixed charge of \$113.85 (including GST) for non-business ratepayers and \$182.85 (including GST) for business ratepayers
 - iii) that the general rate differential for farm and lifestyle properties be retained at its present level of 80 per cent of the urban residential rate
 - iv) that the Māori Freehold Land rates remission and postponement policy be amended to include remissions:
 - 1) to adjust rates to the equivalent of those that would have been charged, had the property been valued excluding any potential use that is unlikely to be achieved within Māori ownership
 - 2) to adjust rates to the equivalent of those that would have been charged, had the rateable value of the property been adjusted by 10 per cent; where properties have significant barriers to development such as owners being deceased or not succeeded to
 - 3) for marae and urupā land in excess of the two hectare limit for non-rateabilityand also including:
 - 4) for land returned under treaty settlement for commercial redress where the land is set aside and protected for cultural, historic or natural conservation purposes or because it is wahi tapu, or used for a marae or urupā.
 - v) that the Rates remission and postponement policy be amended to remit fixed charges on Māori Freehold Land on multiple titles used as single property
 - vi) that a two year pilot programme providing financial assistance of up to \$35,000 per property to eligible homeowners in Piha, Te Henga, Karekare and Little Oneroa catchments to replace or upgrade their failing septic tank systems be established. This will be funded by a targeted rate set from 1 July 2017
 - vii) that a targeted rate be set (at two thirds of the level set regionally for a full year recycling service) to fund a fortnightly kerbside fully commingled recycling collection in rural Franklin
 - viii) that the Brown's Bay, Glen Eden and North Harbour BIDs are extended
- b) recommend to the Governing Body that the budget for the final Annual Plan 2016/2017 be based on year two of the Long-term Plan 2015-2025, adjusted for the updates set out in the staff reports, and to incorporate the following changes and specific decisions:
 - i) Auckland Council continue its existing public transport concessions for the 2016/2017 financial year
 - ii) additional funding to Auckland Transport of \$1.5 million noting that the remaining \$1.5 million estimated cost of the discontinued government subsidy to come from internal savings in Auckland Transport

- iii) additional capital funding of up to \$30 million in 2016/2017 and up to \$20 million in 2017/2018 to Auckland Transport (AT) to support the early acquisition of land for future capital projects, excluding light rail, reminding the AT Board that Council's highest weighting priority is public transport
 - iv) request Auckland Transport to work with NZTA and Kiwirail to retain the land at the Waterview Tunnel construction site until the decision on the light rail project has been progressed
 - v) additional operating expenditure of \$150,000 to deliver town and local centre clean-ups across the region.
- c) request Auckland Transport to collect data on the usage of the SuperGoldcard and Senior Citizens card during peak periods over the next 12 months and report this back to council for further consideration of the current subsidy
- d) request the Mayor write to the Minister of Transport regarding the withdrawal of public transport subsidy for SuperGold card holders in the afternoon peak and Auckland Senior Citizen card holders expressing council's disappointment in this decision, particularly in light of the work that has been undertaken jointly to increase public transport usage
- e) recommend to the Governing Body that the Chief Executive, Group Chief Financial Officer and chair of the Finance and Performance Committee be authorised to draw down, if required, up to \$100 million per annum of the Diversified Financial Asset portfolio for the 2016/2017 and 2017/2018 financial years in order to manage the debt ratios within prudent limits.
- f) request a report be brought back to the Finance and Performance Committee exploring the opportunity to:
- iii) set-up a Trust structure to secure funding for, and oversee, the restoration of Whare building at Monte Cecilia park
 - iv) re-allocate \$300,000 to the Whare from the budget for a functions facility at the Pah homestead site.
- g) request that the Puketapapa Local Board's planning options for Liston Village be presented to the Auckland Development Committee for further consideration
- h) recommend to the Governing Board that a report be brought back to the Regional Strategy and Policy Committee on the options for managing damaged headstones in closed and open cemeteries, particularly those of historic value, and that in the meantime a budget of \$50,000 be provided for 2016/17 for immediate maintenance issues.
- i) request a report be brought back to the Finance and Performance Committee on the operations of the Local Board capex fund and the concerns that have been raised by Local Boards in relation to the barriers to using this fund in a similar way to the previous Community Facilities Partnership fund, so that this can inform the next Annual Plan.
- j) request staff to expedite the work on coastal erosion so that implementation of the highest priority projects can start as soon as possible and that identified funding shortfalls be part of the consideration for the next LTP.
- k) seek a report to the Finance and Performance Committee providing a full analysis of Auckland Council's debt headroom over the next 5 years including analysis of the four variables: opex, capex, revenue and debt.

13 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

4.15 pm

The Chairperson thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF THE FINANCE AND
PERFORMANCE COMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

Finance and Performance Committee

OPEN MINUTES

Minutes of a meeting of the Finance and Performance Committee held in the Reception Lounge, Auckland Town Hall, 301-305 Queen Street, Auckland on Tuesday, 20 June 2017 at 9.30am.

PRESENT

| | | |
|---------------------------|--------------------------------|--|
| Chairperson | Cr Ross Clow | |
| Deputy Chairperson | Cr Desley Simpson, JP | |
| Members | Cr Dr Cathy Casey | |
| | Deputy Mayor Bill Cashmore | |
| | Cr Fa'anana Efeso Collins | From 10.09am, item 9 |
| | Cr Linda Cooper, JP | |
| | Cr Chris Darby | |
| | Cr Hon Christine Fletcher, QSO | |
| | Mayor Hon Phil Goff, CNZM, JP | |
| | Cr Richard Hills | |
| | Cr Penny Hulse | |
| | Cr Mike Lee | From 9.32am, item 9; Until 11.42am, item C1 |
| | Cr Dick Quax | |
| | Cr Greg Sayers | |
| | Cr Sharon Stewart, QSM | |
| | IMSB Chair David Taipari | From 10.12am, item 9 |
| | Cr Sir John Walker, KNZM, CBE | From 9.39am, item 9 |
| | Cr Wayne Walker | From 9.32am, item 9 |
| | Cr John Watson | |

ABSENT

| | |
|----------------|------------------------------|
| Members | Cr Alf Filipaina |
| | IMSB Member Terrence Hohneck |
| | Cr Denise Lee |
| | Cr Daniel Newman, JP |

1 Apologies

Resolution number FIN/2017/86

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

That the Finance and Performance Committee:

- a) **accept the apologies for absence from Cr Newman and IMSB Member T Hohneck, the apology for absence on Council business from Cr Filipaina and the apologies from Crs Collins, D Lee and IMSB Chair Taipari for lateness.**

CARRIED

2 Declaration of Interest

There were no declarations of interest.

3 Confirmation of Minutes

Resolution number FIN/2017/87

MOVED by Deputy Chairperson D Simpson, seconded by Cr C Darby:

That the Finance and Performance Committee:

- a) **confirm the ordinary minutes of its meeting, held on Thursday, 1 June 2017, as a true and correct record.**

CARRIED

4 Petitions

There were no petitions.

5 Public Input

There was no public input.

6 Local Board Input

There was no local board input.

7 Extraordinary Business

There was no extraordinary business.

8 Notices of Motion

There were no notices of motion.

9 Review of the Diversified Financial Assets Portfolio

Cr W Walker entered the meeting at 9.32am.

Cr M Lee entered the meeting at 9.32am.

Cr J Walker entered the meeting at 9.39am.

Cr E Collins entered the meeting at 10.09am.

IMSB Member D Taipari entered the meeting at 10.12am.

Resolution number FIN/2017/88

MOVED by Deputy Chairperson D Simpson, seconded by Cr L Cooper:

That the Finance and Performance Committee:

- a) **approve full divestment of the Diversified Financial Asset Portfolio with a target completion date no later than 30 June 2018.**
- b) **delegate final authorisation to complete the withdrawal to the Chair of the Finance and Performance Committee, the Chief Executive and the Group Chief Financial Officer.**
- c) **agree the proceeds of the Diversified Financial Assets portfolio be solely used for the purpose of public transport and stormwater infrastructure.**

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

| <u>For</u> | <u>Against</u> | <u>Abstained</u> |
|------------------------------|----------------|------------------|
| Deputy Mayor B | Cr C Casey | |
| Cashmore | Cr E Collins | |
| Chairperson R Clow | Cr M Lee | |
| Cr L Cooper | Cr W Walker | |
| Cr C Darby | Cr J Watson | |
| Cr C Fletcher | | |
| Mayor P Goff | | |
| Cr R Hills | | |
| Cr P Hulse | | |
| Cr D Quax | | |
| Cr G Sayers | | |
| Deputy Chairperson D Simpson | | |
| Cr S Stewart | | |
| IMSB Member D Taipari | | |
| Cr J Walker | | |

The motion was declared **CARRIED** by 14 votes to 5.

CARRIED

10.59am meeting adjourned

11.06am meeting reconvened

10 Panuku Development Auckland Limited debt to equity conversion

Resolution number FIN/2017/89

MOVED by Cr C Fletcher, seconded by Chairperson R Clow:

That the Finance and Performance Committee:

- a) **approve the conversion of \$15 million owed to council by Panuku (debt) into Panuku equity and accept the resulting issue of shares from Panuku**
- b) **provide the shareholder approvals required under the Companies Act 1993 to enable Panuku to convert the debt to equity and issue the resulting shares to Auckland Council**
- c) **authorise the Chief Executive to sign all documentation and take any other actions on behalf of council in the Chief Executive's discretion required to facilitate and effect the above debt capitalisation transaction.**

CARRIED

11 Budget update June 2017

Brent Catchpole, Papakura Local Board Chairperson spoke in support of this item.

Resolution number FIN/2017/90

MOVED by Cr C Fletcher, seconded by Chairperson R Clow:

That the Finance and Performance Committee:

- a) **approve the conversion of \$3.1 million capital budget in the 2018/2019 financial year into annualised operational budget for the new multi-purpose community facility in Takanini, on the basis of no impact on the general rates for future years.**

CARRIED

12 Finance and Performance Committee - Information Report - 20 June 2017

Resolution number FIN/2017/91

MOVED by Deputy Chairperson D Simpson, seconded by Deputy Mayor B Cashmore:

That the Finance and Performance Committee:

- a) **receive the information report – 20 June 2017.**

CARRIED

13 Consideration of Extraordinary Items

There was no consideration of extraordinary items.

14 Procedural motion to exclude the public

Resolution number FIN/2017/92

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

That the Finance and Performance Committee:

- a) **exclude the public from the following part(s) of the proceedings of this meeting.**
- b) **agree that Paul McKay, General Manager AON, and Sahreena Mohammed, Executive Director – Account Manager for Council Group AON be permitted to remain for Confidential Item C2 Insurance Renewal – Proposed Council Group Programme for 2017/2018 period after the public has been excluded, because of their knowledge of matters which will help the Finance and Performance Committee in its decision-making.**

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 The Woodhill Sands Trust - Guarantee in Favour of ASB Bank Ltd

| 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)(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)(g) - The withholding of the information is necessary to maintain legal professional privilege.</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>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, the report contains details concerning the negotiations between the vendor and purchaser of the property.</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> |

C2 Insurance Renewal - Proposed Council Group Programme for 2017/2018 period

| 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)(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, the report contains proposed insurance policies, premiums and terms from insurers which are the subject of consideration and negotiation.</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> |

The text of these resolutions is made available to the public who are present at the meeting and form part of the minutes of the meeting.

CARRIED

11.27am The public was excluded.

Resolutions in relation to the confidential items are recorded in the confidential section of these minutes and are not publicly available.

12.07pm The public was re-admitted.

RESTATEMENTS

It was resolved while the public was excluded:

C1 The Woodhill Sands Trust - Guarantee in Favour of ASB Bank Ltd

Resolution number FIN/2017/93

MOVED by Cr C Fletcher, seconded by Cr P Hulse:

That the Finance and Performance Committee:

- a) note that in May 2016 the Finance and Performance Committee first approved a guarantee of up to \$2.5 million in favour of ASB Bank Ltd to enable The Woodhill Sands Trust to purchase Woodhill Sands Equestrian Centre. Events have occurred throughout the year that necessitates staff updating the committee so the matter may be considered again.
- b) approve a guarantee limited to a maximum of \$2.5 million in favour of ASB Bank Ltd, to enable The Woodhill Sands Trust, or its nominee WST Company (2016) Ltd to purchase the property known as Woodhill Sands Equestrian Centre, located at 24 James Mackie Rd, Kumeu, Auckland, subject to the Trust/Company concluding successful negotiations to purchase the property.
- c) require The Woodhill Sands Trust and WST Company (2016) Ltd to enter into a Guarantee Side Deed with Auckland Council recording the terms and conditions that must be met by the Trust/Company prior to any successful negotiations to purchase Woodhill Sands Equestrian Centre being concluded and the

- guarantee between Auckland Council and ASB Bank Ltd coming into effect.
- d) authorise the Group Chief Financial Officer (or delegate) to approve:
- i) the final terms and conditions of the guarantee between Auckland Council and ASB Bank Ltd,
 - ii) the final terms and conditions of the Guarantee Side Deed,
 - iii) the final terms and conditions of any other agreement necessary to effect this transaction.

Restatement:

- e) confirm that the report, attachments and presentation remain confidential but the decisions be restated in the open minutes.

CARRIED

C2 Insurance Renewal - Proposed Council Group Programme for 2017/2018 period

Resolution number FIN/2017/94

MOVED by Cr W Walker, seconded by Chairperson R Clow:

That the Finance and Performance Committee:

- a) note the proposed council group insurance programme was endorsed by the Audit and Risk Committee on 29 May 2017.
- b) approve the proposed programme for the 2017/2018 year.
- c) delegate final placement of insurance policies to the Chair of the Finance and Performance Committee, Chief Executive and the Group Chief Financial Officer by 30 June 2017.

Restatement:

- d) confirm that the report and attachments remain confidential until 1 July 2017 but the decisions be restated in the open minutes.

CARRIED

12.07pm

The Chairperson thanked Members for their attendance and attention to business and declared the meeting closed.

CONFIRMED AS A TRUE AND CORRECT RECORD
AT A MEETING OF THE FINANCE AND
PERFORMANCE COMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....