

Te Kāhui Ngārahu / Emergency Committee
CONFIDENTIAL MINUTES

Confidential minutes of a meeting of the Emergency Committee held remotely on Thursday, 16 April 2020 at 10.02am.

The confidential section of the meeting commenced at 2.18pm.

The meeting adjourned at 2.18pm and reconvened at 2.46pm.

C1 CONFIDENTIAL: Financial position and Annual Budget 2020/2021 Update

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

Note: changes to the original motion, amending clauses c) i), c) iv) and adding new clauses c) v), e) i) and j) to o), were incorporated with the agreement of the meeting.

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

That the Emergency Committee:

- a) note that the COVID-19 situation presents significant risks to the financial position of the Auckland Council group.
- b) note that the severity, duration and longer-term implications of disruption from the COVID-19 situation remain highly uncertain and therefore the financial implications for the council group are also highly uncertain.
- c) agree that the following principles be used for finalising the Annual Budget 2020/2021 for adoption by the Governing Body:
 - i) giving priority to enabling adequate public consultation over meeting statutory deadlines to ensure a collaborative and transparent approach with the people of Auckland in the spirit of 'we are all in this together' in addressing the economic impacts of COVID19 for the Auckland Council Group, ratepayers and residents of Auckland.
 - ii) taking a "most likely scenario" approach to budgeting and disclosing the consequences for the council's financial position if disruption is either more severe or less severe than assumed in the budget.
 - iii) giving priority to maintaining essential services and critical council activities, with advice provided on options for reducing spending on discretionary activities.
 - iv) giving consideration to the potential impact of disruption and budget decisions on local activities and the vulnerable
 - v) giving consideration to the potential impact of disruption and budget decisions on Māori outcomes
 - vi) maintaining levels of capital investment to support economic activity, even if that means temporarily exceeding debt policy limits.
 - vii) maintaining a strong commitment to long-term financial prudence and sustainability, noting that if it is considered financially prudent to do so, the council may resolve not to balance its budget (as defined in section 100 of the Local Government Act 2002) in 2020/2021.
- d) agree to undertake further public consultation on significant or material budget and rating policy changes for the Annual Budget 2020/2021.
- e) agree that further public consultation on the Annual Budget include:
 - i) considering whether to adopt a 2.5 per cent rather than 3.5 percent general rates increase for the 2020/2021 financial year

- ii) a proposal that would have the effect of suspending the Accommodation Provider Targeted Rate and the expenditure that it would fund for the first three quarters of the 2020/2021 rating year
- iii) extending the council's rates postponement policy to include businesses experiencing financial hardship.
- f) agree that staff use existing rating policies to:
 - i) remit the fourth quarter instalment of the Accommodation Provider Targeted Rate for the current rating year.
 - ii) allow business and residential ratepayer experiencing financial hardship to defer payment of their fourth quarter rates instalment for the current rating year until the due date of the first rates instalment for the next rating year (31 August 2020) without penalties provided they enter into a payment plan with council
- g) request staff report back with a Consultation and Engagement plan and prepare draft consultation materials for adoption by the Governing Body.
- h) note that staff will discuss scenarios with credit rating agencies with a debt to revenue ratio higher than 270 per cent for one year.
- i) note that staff are engaging with central government officials on statutory compliance matters and opportunities to work in partnership with central government to progress capital investment in a way that is not limited by the council's debt constraints.
- j) request the government to consider amending the parameters in the Rates Rebate Act 1973 to provide greater support to ratepayers in need, especially those adversely impacted by COVID-19
- k) request staff provide the Governing Body with impacts on service delivery, debt to revenue ratio for 20/21, 21/22 and 22/23 based on the 'most likely scenario' of a six month disruption modelled against a range of rate increases between 0% and 3.5%.
- l) request staff provide a list of essential, core and additional services to enable decision making by the Governing Body.
- m) request the CEO provide the Governing Body with scenarios of impact on staffing modelled against a range of rate increases between 0% and 3.5%.
- n) request Council Controlled Organisations to provide the Governing Body with scenarios of business impact based on reduced income from Council based on a range of rate increases between 0% and 3.5%.
- o) request staff to provide the Governing Body with a prioritised list of capital investment that evidences support of economic activity which may mean temporarily exceeding debt policy limits.

Restatement

- p) confirm that there be no restatement of the confidential report or the resolutions at this time.

MOVED by Cr R Hills, seconded by Cr E Collins: an amendment by way of addition of new clause p):

- q) request the Remuneration Authority not increase Auckland Council governing body members pay for 12 months to ensure governing body members do not receive the normal scheduled pay rise during this time

Note: the mover and seconder agreed to withdrew the motion pending further discussion on this matter.

At 5.12pm, it was

Extension of Meeting Time

Resolution number EME/2020/27

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

That the Emergency Committee:

- a) **agree pursuant to standing order 1.1.3, that an extension of time be granted until the business of the agenda is complete.**

CARRIED

The meeting adjourned at 5.40pm and reconvened at 5.54pm.

Note: prior to the vote been taken, IMSB Member Blair had left the meeting.

Resolution number EME/2020/28

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

That the Emergency Committee:

- a) **note that the COVID-19 situation presents significant risks to the financial position of the Auckland Council group.**
- b) **note that the severity, duration and longer-term implications of disruption from the COVID-19 situation remain highly uncertain and therefore the financial implications for the council group are also highly uncertain.**
- c) **agree that the following principles be used for finalising the Annual Budget 2020/2021 for adoption by the Governing Body:**
 - i) **giving priority to enabling adequate public consultation over meeting statutory deadlines to ensure a collaborative and transparent approach with the people of Auckland in the spirit of 'we are all in this together' in addressing the economic impacts of COVID19 for the Auckland Council Group, ratepayers and residents of Auckland.**
 - ii) **taking a "most likely scenario" approach to budgeting and disclosing the consequences for the council's financial position if disruption is either more severe or less severe than assumed in the budget.**
 - iii) **giving priority to maintaining essential services and critical council activities, with advice provided on options for reducing spending on discretionary activities.**
 - iv) **giving consideration to the potential impact of disruption and budget decisions on local activities and the vulnerable**
 - v) **giving consideration to the potential impact of disruption and budget decisions on Māori outcomes**
 - vi) **maintaining levels of capital investment to support economic activity, even if that means temporarily exceeding debt policy limits.**
 - vii) **maintaining a strong commitment to long-term financial prudence and sustainability, noting that if it is considered financially prudent to do so, the council may resolve not to balance its budget (as defined in section 100 of the Local Government Act 2002) in 2020/2021.**
- d) **agree to undertake further public consultation on significant or material budget and rating policy changes for the Annual Budget 2020/2021.**

- e) agree that further public consultation on the Annual Budget include:
 - i) considering whether to adopt a 2.5 per cent rather than 3.5 percent general rates increase for the 2020/2021 financial year
 - ii) a proposal that would have the effect of suspending the Accommodation Provider Targeted Rate and the expenditure that it would fund for the first three quarters of the 2020/2021 rating year
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- f) agree that staff use existing rating policies to:
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- g) request staff report back with a Consultation and Engagement plan and prepare draft consultation materials for adoption by the Governing Body.
- h) note that staff will discuss scenarios with credit rating agencies with a debt to revenue ratio higher than 270 per cent for one year.
- i) note that staff are engaging with central government officials on statutory compliance matters and opportunities to work in partnership with central government to progress capital investment in a way that is not limited by the council's debt constraints.
- j) request the government to consider amending the parameters in the Rates Rebate Act 1973 to provide greater support to ratepayers in need, especially those adversely impacted by COVID-19
- k) request staff provide the Governing Body with impacts on service delivery, debt to revenue ratio for 20/21, 21/22 and 22/23 based on the 'most likely scenario' of a six month disruption modelled against a range of rate increases between 0% and 3.5%.
- l) request staff provide a list of essential, core and additional services to enable decision making by the Governing Body.
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- n) request Council Controlled Organisations to provide the Governing Body with scenarios of business impact based on reduced income from Council based on a range of rate increases between 0% and 3.5%.
- o) request staff to provide the Governing Body with a prioritised list of capital investment that evidences support of economic activity which may mean temporarily exceeding debt policy limits.

Restatement

- p) confirm that there be no restatement of the confidential report or the resolutions at this time.

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

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

The motion was declared CARRIED by 22 votes to 0.

CARRIED UNANIMOUSLY

Note: In voting for the motion and pursuant to Standing Order 1.8.6, the following councillors requested their dissenting votes be recorded against specific clauses:

- Cr C Fletcher, clause e) i)
- Cr D Newman, clause c) ii)
- Cr G Sayers, clause e) i)
- Cr S Stewart, clause e) i)
- Cr W Walker, clause c) ii)
- Cr J Watson, clause e) i)

Attachments

A 16 April 2020, Emergency Committee: Item C1 - CONFIDENTIAL: Financial position and Annual Budget 2020/2021 Update, Presentation

7.28pm

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 EMERGENCY COMMITTEE
HELD ON

DATE:.....

CHAIRPERSON:.....