

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE,
LINCOLN, WAITAKERE CITY, ON MONDAY, 7 FEBRUARY 2005
COMMENCING AT 9.30 AM**

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PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFIRMATION OF MINUTES

Meeting Minutes - Monday, 6 December 2004

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 6 December 2004, as circulated, be taken as read and now be confirmed.



PART B - PRESENTATION

4 PRESENTATION BY WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES OVERVIEW OF OPERATIONS AND PROGRESS TO DATE.

PURPOSE OF THE REPORT

The purpose of the report is to provide an overview of the operations and performance to date in the current year of Waitakere City Holdings Limited, its subsidiaries and associated organisations.

BACKGROUND

Waitakere City Holdings Limited, which is 100% owned by Council, has a 50% share in Techscope Limited (North Shore City has the other 50%), a 100% share in Waitakere Properties Limited and an overseeing governance role in respect of Enterprise Waitakere. The Statements of Intent of the Holding Company and it's subsidiaries state that they will report on their performance on a quarterly basis. Because of the elections and other scheduling difficulties the first quarter report due to be presented to the Finance and Operational Performance Committee in November of last year was rescheduled for the February 2005 meeting.

These subsidiaries are required by statute to deliver a half yearly report to Council by 28 February 2005. When these are received they will be reported through to the next appropriate meeting of this Committee. Enterprise Waitakere also provides a separate report to this Committee on a quarterly basis with regard to progress against a specific contract between the Trust and Council.

STRATEGIC CONTEXT

Council has a financial investment in its Holding Company and subsidiaries. These companies assist the Council in meeting its strategic outcomes by a return on investment, involvement in strategic projects, economic development and in the support of service delivery.

ISSUES

During the last financial year (2003/2004) Techscope Limited achieved a lower than initially expected profit resulting in a shortfall in the budgeted dividend to the Holding Company of \$30,000 in the current year. This in turn will result in a shortfall in the Holding Company's Distribution to Council which was budgeted at \$340,000 but will now be \$320,000. This issue was reported to this Committee on 6 September 2004.

CONCLUSION

Waitakere City Holdings Limited, Waitakere Properties Limited, Techscope Limited and Enterprise Waitakere will present overview and progress reports covering their respective organisations. This Committee has already been made aware of the shortfall in the Techscope dividend to the Holding Company and the flow-on effect to the eventual distribution to Council.

Formal half yearly reports in respect of the Holding Company and it's subsidiaries will be presented to this Committee in due course.

RECOMMENDATION

That the Presentation by Waitakere City Holdings Limited and Subsidiaries Overview of Operations and Progress to Date report be received.

Report prepared by: Alec Third, Accountant, Waitakere City Holdings Limited.



PART C - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 1 December 2004 to 25 January 2005

Nº	NAME	PARTICULARS
3204	WCC – Waitakere City Council	s.37 Building Act Certificate – Sturges West Community House – Lots 101-105 DP 202171 – Resolution 3094/2003
3205	WCC – PR Johnson	Fencing Agreement – CTs 81018-23 inclusive – 50A Godley Road – SPW 20559
3206	WCC – PR Johnson	Water supply easement in gross – CTs 81018-23 inclusive – 50A Godley Road – SPW 20559
3207	WCC – PR Johnson	Drainage easement in gross – CTs 81018-23 inclusive – 50A Godley Road – SPW 20559
3208	WCC – PR Johnson	Surrender of water drainage easement in gross – CT 1071/19 – 50A Godley Road – SPW 20559
3209	WCC – FA & S Khan	Fencing agreement – CT 112428 – 30 Brains Road – SPW 21742
3210	WCC – 435 West Ltd	Drainage easement in gross – DP 342732 – 91-133 Albionvale Road Stage 1 – SPW 22143
3211	WCC – 435 West Ltd	Water supply easement in gross – DP 342732 – 91-133 Albionvale Road Stage 1 – SPW 22143
3212	WCC – AS & CA McIntyre	Drainage easement in gross – CT 167330 – 15 Wattle Street – SPW 22053
3213	WCC – CD & YW Kim & Harts Gauld Trustees Ltd	Memorandum of Encumbrance - 15A Scott Road, Hobsonville (RMA 20041862 & ABA 20043299)
3214	WCC – Harry Singh	Warrant of Appointment & Evidence of Identity – No.WCC173
3215	WCC – Jagatha Chinthaka Nambukara	Warrant of Appointment & Evidence of Identity – No.WCC174
3216	WCC – Darren Whippey	Warrant of Appointment & Evidence of Identity – No.WCC175
3217	WCC – Graeme Young	Warrant of Appointment & Evidence of Identity – No.WCC176
3218	WCC – Lopdell House Society Inc	Funding & Service Agreement 2004/2005
3219	WCC – Titirangi Community Arts Council	Funding & Service Agreement 2004/2005
3220	WCC – Waitakere Central Community Arts Council	Funding & Service Agreement 2004/2005
3221	WCC – Waitakere Playhouse Theatre Trust	Funding & Service Agreement 2004/2005
3222	WCC – Waitakere Properties Ltd	Deed of Nomination – CT 120D/702 – 51-61 Keeling Road, Henderson

Nº	NAME	PARTICULARS
3223	WCC – Isthmus Investments Ltd	Deed of Nomination – CT 29B/109 – 65 Keeling Road, Henderson
3224	WCC – MJ & AS McLellan and L Gross	Memorandum of Encumbrance for road encroachment – 80 Rayner Road, Piha
3225	WCC – Torshavn Ltd	Surrender of drainage easement in gross created by Transfer 595963 – CT NA1533/27 – 21 Wharf Road – SPW 22112
3226	WCC – O & R Philips & D Corray	Drainage easement in gross – CT 160732 – 22 Stottholm Road – SPW 21314
3227	WCC – JW Brough & PJ Clark jointly as to half share and CA Rogerson & PJ Clark jointly as to half share	Memorandum of Encumbrance - building use restriction - 847 West Coast Road, Oratia
3228	WCC – G & G McQuoid	Memorandum of Encumbrance for road encroachment – 27 Warner Park Ave, Laingholm
3229	WCC – RW Hudd	Deed of Waiver – s.40 Public Works Act – Resolution 770/2004 – 335 Henderson Valley Road
3230	WCC – G & A Development Ltd	Water supply easement in gross – DP 334371 – 49 Munroe Road – SPW 21382
3231	WCC – G & A Development Ltd	Drainage easement in gross – DP 334371 – 49 Munroe Road – SPW 21382
3232	WCC – G & A Development Ltd	Right of way easement in gross – DP 334371 – 49 Munroe Road – SPW 21382
3233	WCC – G & A Development Ltd	Fencing Agreement – DP 334371 – 49 Munroe Road – SPW 21382
3234	WCC – JAL Misty Valley Ltd	Water supply easement in gross re CTs 153052-56, 153081-86 – 225 Henderson Valley Rd SPW 21579
3235	WCC – JAL Misty Valley Ltd	Drainage easement in gross re CTs 153061, 153079-82, 153092 – 225 Henderson Valley Rd SPW 21579
3236	WCC – JAL Misty Valley Ltd	Fencing Agreement re CTs 153074-75, 153079, 153083-85, 153089-92 – 225 Henderson Valley Rd SPW 21579
3237	WCC – IR & JR Devereux Family Trusts	Deed of Waiver – s.40 Public Works Act – Resolution 770/2004 – 337 Henderson Valley Road
3238	WCC – Geoffrey Calvert	Warrant of Appointment & Evidence of Identity – No.177
3239	WCC – Iranian Community Trust	Deed of Lease – Covil Park, Te Atatu – Resolution 1680/2003
3240	WCC – Waitakere Properties Ltd	Declaration of Trust - CT NA29B/109 – 65 Keeling Road – Resolution 2321/2004
3241	WCC – Waitakere Properties Ltd	Declaration of Trust - CT NA120D/702 – 51-59 Keeling Road – Resolution 2322/2004
3242	WCC – Waitakere Properties Ltd	Memorandum of Transfer - CT NA29B/109 - Resolution 2321/2004
3243	WCC – Waitakere Properties Ltd	Memorandum of Transfer - CT NA120D/702 – Resolution 2322/2004
3244	WCC – Beacon Pathway Ltd	Deed of Lease for New Home on Olympic Park (Allotment 5, Section 1, Whau Town North)
3245	WCC	Bylaw No.29 Dog Control – updated bylaw – Resolution 1838/2004 Council meeting 29/9/2004
3246	WCC	Memorandum of Transfer of part of new New Lynn Library site – CT NA175711 – SPW 22264
3247	WCC - Ministry for the Environment	Deed of Agreement to provide management services re Urban Form Design & Development (UFDD) work strand at Auckland Sustainable Cities Programme
3248	WCC – Jayesh Kumar Solanki	Warrant of Appointment & Evidence of Identity – No.0019 (Renewal)

Nº	NAME	PARTICULARS
3249	WCC – Caroline Vear	Warrant of Appointment & Evidence of Identity – No.178
3250	WCC – Julie-Anne Simons	Warrant of Appointment & Evidence of Identity – No.179
3251	WCC – Brooke Kelly	Warrant of Appointment & Evidence of Identity – No.180

RECOMMENDATIONS

1. That the Affixation of Common Seal report be received.
2. That the action taken in affixing the Common Seal on the documents as set out in the agenda report be adopted.

Report prepared by: Magdalene Conceicao, Executive Officer (Legal).



PART D - FINANCE

6 OPERATING AND CAPITAL EXPENDITURE SUMMARIES

PURPOSE OF THE REPORT

The purpose of this report is to inform the Finance and Operational Performance Committee as to the level of the year to date operating and capital expenditure by unit compared to budget.

STRATEGIC CONTEXT

Through the Long Term Council Community Plan processes, the Council approves operating and capital expenditure. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.

ISSUES

A1 This report covers expenditure for the 6 months to 31 December 2004. The financial summaries are attached at page A1.

The half yearly review is currently being completed. The results will be reported to the Long Term Community Plan and Annual Plan Special Committee during its forthcoming deliberations on the Draft Annual Plan 2005/2006.

If any further information is required in respect of this report, other than of a general nature, please contact either the writer or the Director: Finance prior to the meeting to enable the query to be researched.

CONCLUSION

Expenditure for the 6 months to 31 December 2004 is tracking well against operational budgets.

RECOMMENDATION

That the Operating and Capital Expenditure Summaries report be received.

Report prepared by: Bob Preston, Group Manager: Financial Management.



7 STATUS OF SPECIAL FUNDS

PURPOSE OF THE REPORT

The purpose of this report is to inform the Finance and Operational Performance Committee on the status of Council's Special Funds.

BACKGROUND

Special funds are those funds held or designated by Council for a specific purpose or purposes. With the exception of the Auckland Regional Services Trust funds which are held in a separate bank account, the balances of these funds are used to offset Council's borrowing requirements. Interest is allocated to funds where applicable.

STRATEGIC CONTEXT

Special fund movements are recommended through the Long Term Council Community Plan and Annual Plan adoption process. Special funds are classified as either "Restricted Funds" or "Non-Restricted Funds". Restricted funds are those funds that have been received by Council from a third party or parties and are to be used for a specific purpose or purposes. Non-restricted funds are funds established by a Council resolution to use and set aside its own funds and also to meet a specific purpose or purposes.

ISSUES

A2 The Special Fund report is separated into restricted and non-restricted funds. The balances and summary transactions for the 6 months ended 31 December 2004 are attached at page A2.

If any further information is required in respect of this report, other than of a general nature, please contact either the writer or the Director: Finance prior to the meeting to enable the query to be researched.

CONCLUSION

Special Funds are being held or designated for a specific purpose or purposes. The funds balances have been reported as required.

RECOMMENDATION

That the Status of Special Funds report be received.

Report prepared by: Bob Preston, Group Manager: Financial Management.



8 **BORROWING AND INVESTMENT REPORT**

PURPOSE OF THE REPORT

Waitakere City Council enters into treasury related financial contracts in the ordinary course of its business. It is the role of Council's Funds Management section to manage such contracts and the impact that they have on the organisation. All funds management transactions are governed by the Liability Management and Investment Policy, prepared in compliance with the Local Government Act 2002. As a requirement of that Policy this report informs the Committee on the current and future movements of Council's debt and cash investments and provides a general commentary of financial market conditions.

A3-A8

The relevant portfolio and graphs reflect the estimated position as at 31 December 2004 and are attached at pages A3 to A8.

STRATEGIC CONTEXT

Council's Funds Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan, while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assist Council with its entire loans funded strategic initiatives. The Liability Management and Investment Policy requires that a report detailing the management of the portfolio be presented to the Finance and Operational Performance Committee on a regular basis. The report must include information on the following subjects:

- Cash/Debt position;
- Forecasted borrowing profile;
- Interest rate profile;
- Risk management;
- Material transactions;
- Market commentary.

This report addresses the requirement of the Policy and may include other information that is relevant to the Funds Management function.

FINANCIAL IMPLICATIONS

The active management of the treasury portfolio seeks to minimise Council's borrowing costs and maximise investment returns of liquid assets. The Funds Management function is also charged with seeking investors, thus ensuring that there is sufficient liquidity available for the organisation to continue its work programme. New Zealand financial markets are volatile and therefore interest rate risk management is a key responsibility of the Funds Management function. Detailed financial information included within this report is intended to give assurance of the prudent management of Council's portfolio.

Council approved a new loans funded capital works programme for the 2004/2005 year, including carry forward projects from the 2003/2004 year, through the 2004/2005 Annual Plan to a maximum gross debt of \$239.468 million. Interest expense for the 2004/2005 year is budgeted to be \$9.668 million.

Council maintains Standard and Poor's Credit Ratings of A-1+ short term, and AA- (long term and stable).

ESTIMATED SUMMARY OF BORROWING AND INVESTMENT MOVEMENTS TO DECEMBER 2004

Council's estimated gross term debt position has increased by \$10.506 million since November 2004, with an estimated closing balance at December month end of \$123.225 million. Estimated working capital borrowings of \$10.544 million as at 31 December 2004 have been funded using internal funds.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING NOVEMBER AND DECEMBER 2004

- Sinking Fund investment of \$1,695,226.35 for 31 days at 6.65%;
- Sinking Fund Investment of \$1,695,226.36 for 31 days at 6.67%;
- ARST investment of \$1,242,677.86 for 31 days at 6.67%;
- New forward start interest rate swap (032), notional \$10 million, 5 year term, Council pays 5.89% and receives 90 Day Bank Bill Mid Interest Rate;
- Amend Swap 007, notional \$5.025 million, extended term to 10 years, Council pays 7.48% and receives 90 Day Bank Bill Mid Interest Rate;
- Amend Swap 010, notional \$5 million, extended term to 10 years, Council pays 6.82% and receives 90 Day Bank Bill Mid Interest Rate;
- Sinking Fund investment of \$1,704,800.90 for 49 days at 6.66%;
- Sinking Fund investment of \$1,704,829.70 for 49 days at 6.68%;
- Auckland Regional Services Trust investment of \$1,249,114.15 for 49 days at 6.68%.

FINANCIAL MARKET COMMENTARY

Market Overview

Largely to financial market expectations, the Reserve Bank of New Zealand maintained its Official Cash Rate at 6.50% on 27 January 2005. The Reserve Banks Governor, Allan Bollard, said:

"As indicated in our last Monetary Policy Statement, we continue to expect that the current policy position will achieve inflation between 1 and 3 per cent on average over the medium term. This outlook assumes that significant pipeline effects from past interest and exchange rate increases will eventuate and act to further constrain the economy over the period ahead."

The Reserve Bank of New Zealand Governor, Allan Bollard concluded his statement with:

"The tightening in monetary policy over the past year currently looks sufficient to keep medium term inflation pressures in check. However, with inflation expected to remain toward the top of the 1 to 3 per cent target band over the medium term, there is little headroom to absorb stronger than expected inflation pressures. If such pressures emerge, a further policy tightening cannot be ruled out. Further, the current outlook offers little scope for an easing in policy in the foreseeable future. We will review the situation at the March Monetary Policy Statement."

New Zealand financial markets are not expecting the Reserve Bank of New Zealand to ease its current monetary policy in the near future. It is possible that the current position could last for much of 2005, although with residential housing continuing to be strong, low unemployment leading to labour capacity constraints and more recently the Consumer Price Index in December 2004 being higher than expected, it is not inconceivable that the Official Cash Rate could be hiked to 6.75%.

New Zealand 90 day bank bills have continued to trade between the tight range of 6.70% to 6.80%. This is a trend that has existed now for approximately 3 months. Long term interest rates have also remained subdued over the past few months with 10 year interest rates trading in a very similar range as the 90 day bank bill.

The US Dollar has continued to remain weak, which has continued to threaten the NZ/US cross rate to above the 0.72 cent level.

Up Coming Dates

Monetary Policy Statement	10 March 2005
Official Cash Rate announcement	28 April 2005

CONCLUSION

All transactions covered by this report have complied with the requirements of Council's Liability Management and Investment Policy.

RECOMMENDATION

That the Borrowing and Investment report be received.

Report prepared by: Bruce Wilkin, Treasury Manager.



9 PAYMENTS FOR APPROVAL

PURPOSE OF THE REPORT

The purpose of this report is to advise of payments made by the Council.

BACKGROUND

This report provides details of payments made to external suppliers in excess of \$5,000. In addition there is a summary listing, which aggregates payments made to various organisations and suppliers for the Committee's information. These payments have already been processed as allowed by delegations approved by the Council. If any Councillor requires information regarding the nature of any payment, that information can be provided.

STRATEGIC CONTEXT

The Council makes various payments as provided for in its Long Term Council Community Plan and Annual Plans. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.

PAYMENTS

A9-A14

A summary schedule of payments made for the period 12 November 2004 to 30 December 2004 is attached at page A9. A further schedule of all payments of \$5,000 and above, together with the reason for the payment is attached at pages A10 to A14. If a committee member wishes to ask specific questions relating to any of these payments, prior to the meeting, then such questions can be directed to the Director: Finance.

CONCLUSION

The summary schedule of payments is shown for the period 12 November 2004 to 30 December 2004. Payments have been provided for in accordance with approved budgets.

RECOMMENDATIONS

1. That the Payments for Approval report be received.
2. That the contracts let and payments made be approved.

Report prepared by: Andrew Pollock, Director: Finance.



PART E - GENERAL

10 ROAD EMERGENCY AND SPECIAL WORKS

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Finance and Operational Performance Committee to increase the 2004/2005 budget for Road Emergency and Special Works under Urban Maintenance and Rural Maintenance within the approved Annual Plan 2004/2005.

BACKGROUND

The Road Emergency and Special Works Contract provides a 24 hour, 7 days per week service to respond to emergency situations within the road reserve. This contract forms part of asset maintenance programme as provided within the Annual Plan 2004/2005.

STRATEGIC CONTEXT

The Waitakere City Council's 'Integrated Transport and Communication' platform provides the strategic context for this report. The vision is for public transport and communications systems that provide fast, effective services, and for city travel facilitated by integrated, environmentally responsible, and innovative design, with a focus on meeting the essential needs of all, for access, communication, and safety.

Fast and effective response to maintain the road carriageway open to traffic or remove objects obstructing pedestrian access and safety is an integral part of Council's strategic platforms and prime responsibilities.

ISSUES

The contract provides a 24-hour, 7 days per week service to respond to all road emergency call outs throughout the City. It includes the supply of all management, supervision, labour, materials, plant and incidentals necessary for "first call" repairs or to make safe works at sites of slips, flooding, remove fallen trees, cleaning up debris and spillages, cleaning up at traffic accident sites, remove graffiti on the road, repair damaged retaining walls and rectify tomos within the road reserve anywhere in Waitakere City. In addition minor "special works" may be requested where they do not fit under other contracts.

Quantities are provisional and payment is made on a measure and value basis. Monthly reports are submitted that reflect the amount of work carried out in each month with records of recurring works.

Monitoring this contract indicates exceptional expenditure for 2004/2005 of \$27,088 due to attending to slip sites at Kelly's Road, Scenic Drive and Tane Road during September 2004 and October 2004 when high storms hit the west part of the City. During October 2004, November 2004 and December 2004 several periods of excessive rain and high winds were experienced. These required tree removals on 23 sites city wide at a cost \$9,389. Rapid repairs to footpaths over old settling retaining walls at Laingholm Drive and Sylvan Valley Avenue also cost \$11,870.

The total unforeseen expenditure of \$48,347 could not have been predicted and will be additional to the contract value of \$210,000.

More slips and tree falls can be anticipated during April, May, and June 2005, should adverse weather conditions prevail. Some funds are required to cover these unexpected events. It is estimated that additional funding amount of \$50,000 will be required.

This amount is subsidised by Transfund at 43% under the 'Emergency Work' category, where response is provided to restore road and roading structures damaged from natural events and maintain the road open to traffic movement.

RESOURCES

In order to address the funding shortfall, it is recommended that additional funding of \$100,000 be made available to fund the 2004/2005 Road Emergency and Special Works Contract.

The additional funding could be offset by reducing work programmes within the roading budget, as follows:

- Road marking, \$30,000;
- RAMM surveys, \$40,000;
- dTIMS Asset Management, \$30,000.

Should weather conditions be favourable, in which case additional expenditure will not be required, then the above programmes could be partially reinstated to the full annual plan provision. Some programmed works under the above items could be deferred to the next financial year 2005/2006 and will be carried out as a priority within the draft 2005/2006 budget. Deferring the works shall have no adverse impact on the conditions of the contract as all above works are under long term contracts having flexibility to rearrange and reprogram works if required.

CONCLUSION

The level of funding for the emergency contract this year is not sufficient to maintain the required level of service and response to emergency requests.

It is recommended that the Finance and Operational Performance Committee approve additional funding of \$100,000 allocated to Urban Maintenance and Rural Maintenance within the approved Annual Plan 2004/2005 to cover expenditure to-date for the unforeseen events resulting from adverse weather conditions during the last six months, and to cover the forecast emergency response work that could arise if the unfavourable weather conditions prevail to July 2005.

RECOMMENDATIONS

1. That the Road Emergency and Special Works report be received.
2. That additional funding of \$100,000 be authorised for Road Emergency works subsidised under Ground Stability Renewal Works and Flood Damage maintenance.
3. That Group Manager: Asset Management be authorised to offset this amount to the relevant work items under the Annual Plan 2004/2005, namely road marking, RAM surveys and dTIMMS Asset Management.

Report prepared by: Ara Ovanessoff, Transport Operations Manager, Transport Assets.



11 **WATER CARE SERVICES LIMITED SHAREHOLDERS REPRESENTATIVE GROUP UPDATE**

PURPOSE OF THE REPORT

The purpose of this report is to advise the Finance and Operational Performance Committee on the governance processes of the Watercare Services Limited (Watercare) Shareholders Representative Group and to highlight key issues for the 2005/2006 financial year.

BACKGROUND

Watercare is the bulk water and wastewater service provider for much of the Auckland Region. Its main responsibilities are the collection, treatment and supply of drinking water, and the collection, treatment and disposal of bulk wastewater. Watercare is classified as a "council organisation" and is governed by specific legislative provisions set out in the Local Government Acts 1974 and 2002. The Acts limit Watercare activities to provide water and treat and dispose of sewage, and on agreement of 75% of shareholders Watercare may enter the retail market.

Watercare's primary customers are six water and wastewater retailers, five of which (including EcoWater) are owned by, or are part of, the local councils. United Water, which services the Papakura District, is a franchised operation.

The six local councils are Watercare's shareholders. The shareholdings were established in proportion to the number of retail water connections at the time of corporatisation and cannot be changed without altering the legislation. The two largest city councils, Auckland and Manukau, together hold two-thirds of the company's shares. The shareholding breakdown is tabulated below.

Auckland City Council	41.6%
Manukau City Council	25.1%
Waitakere City Council	16.7%
North Shore City Council	11.5%
Papakura District Council	3.7%
Rodney District Council	1.4%

Waitakere City Council has two representatives on the Watercare Shareholders Group, Councillors Clews and Lawley. The main functions of the Shareholders Group are to appoint the Board of Watercare, to provide input to Watercare's Statement of Corporate Intent and monitor the performance of the Board against the Statement of Corporate Intent. An Officers Group with representatives from the shareholder Territorial Authorities supports the Shareholders Group.

STRATEGIC CONTEXT

Under the Local Government Act 2002, in taking a sustainable development approach, local authorities are required to take into account the social, economic and cultural well-being of people and communities, the need to maintain and enhance the quality of the environment and the reasonably foreseeable needs of future generations. It is therefore incumbent upon the Council to ensure that the organisations it governs also adhere to these principles.

The Council's strategic goal of sustainable management of the three waters, water supply, wastewater and storm water is integral to its relationship with Watercare and to its role on the Shareholders' Representative Group.

The Council has two major roles in connection with Watercare – one as shareholder/owner, the other as customer. The extent to which this Council can add strategic input to the governance of Watercare, through its ownership and governance role, heavily influences the extent to which it can supply retail services to the City's ratepayers that meet the Council's own strategic goals, and at the most efficient price possible.

ISSUES

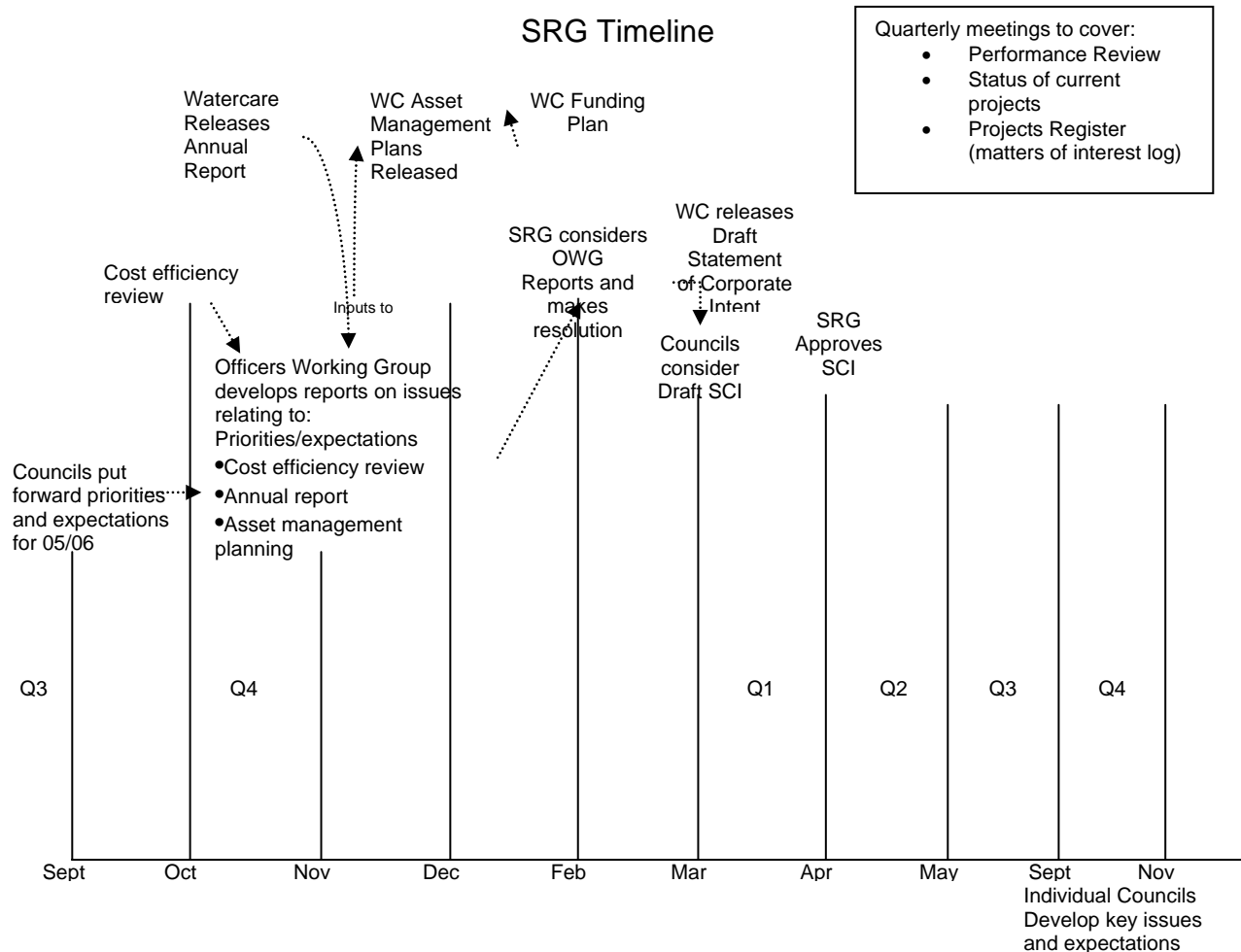
Governance Process

In September 2004 the Shareholders Representative Group adopted a new annual process. The new process allows individual shareholding councils more opportunity to promote individual council interests in setting Shareholders Representative Group priorities and expectations for Watercare. The new step also carries the added benefit of enabling the Shareholders Representative Group to signal to Watercare, early in the development of the Draft Statement of Corporate Intent, the Shareholders Representative Group's priorities and expectations for the upcoming year.

In summary the process includes:

- Priority-setting - including priorities for the draft Statement of Corporate Intent and Funding Plan;
- Quarterly meetings;
- Four Special meetings;
- Regular Officers' Working Group meetings;
- Matters of Interest Log - kept by the Shareholders Representative Group as a list of issues or concerns that the Group is particularly interested in and monitoring with regard to Watercare's performance.

A timeline for the Shareholders' Representative Group process from September 2004 to November 2005 is set out below.



Priorities

At its September 2004 meeting the Finance and Operational Performance Committee forwarded its priorities and expectations to the Shareholders' Representative Group. These included:

1. The development of a core set of sustainability indicators for Watercare's Statement of Corporate Intent.

The Committee's rationale for proposing these indicators was to place the Statement of Corporate Intent more in the context of the sustainable management of water and the four well-beings as stipulated in the Local Government Act 2002. An example of how sustainability indicators can be linked to specific goals, sustainability criteria and strategies was forwarded to the Shareholders' Representative Group.

Since then, Watercare has produced a new look" Annual Report for 2004, which includes a new framework with a new reporting method based on six sustainability policies and 18 objectives. It provides for "sustainability performance rulers" which are a visual representation of performance against the company's stated objectives. Each sustainability performance ruler indicates the proportional impact Watercare's activities have on social, environmental and economic matters (cultural is included as part of stakeholder relationships within social policy).

The Officers Working Group matched the Waitakere City Council's example core sustainability indicators to Watercare's new sustainability rulers in its 2004 Annual Report and agreed that they appear to cover the issues raised by this Council.

The Officers are currently working with Watercare to rationalise the Statement of Corporate Intent and make it a more strategic document, more closely aligned with the objectives and targets in the new Annual Report. The introduction of sustainability performance rulers should provide clearer sustainability measurements and should enable the Shareholders Representative Group to better determine Watercare's adherence to the principles stipulated in the Local Government Act 2002.

2. Continuing to make the cost efficiency review of Watercare a priority.

In October 2003, the Shareholders Representative Group started a Cost Efficiency Work Programme with Watercare. The Finance and Operational Performance Committee recommended that the Shareholders Representative Group continue to make this review a priority. The cost efficiency review included an independent assessment by external consultants of Watercare's capital investments and decision-making processes. The consultants made about 50 detailed recommendations and suggestions, most of which are operational. At its first meeting in 2005, the Shareholders' Representative Group will discuss those recommendations which are of high priority to shareholders.

3. Shareholders Representative Group review of Watercare's Funding Plan.

The Shareholders Representative Group resolved early in 2004 to commission an independent review of Watercare's Funding Plan. The Finance and Operational Performance Committee recommended to the Shareholders Representative Group to make this review a priority as it would ensure continued pressure on Watercare for better performance. The Funding Plan is the follow-on step from the Asset Management Plans which were the focus of the cost efficiency review. Furthermore, Watercare introduced an innovative pricing adjustment mechanism last year and it would be beneficial for this mechanism to be scrutinised by an independent expert.

4. Central Government review of Watercare's legislation.

The Central Government is reviewing legislation relating to Watercare's operating powers and ownership. The pace is expected to pick up in 2005, particularly with regard to whether or not Watercare should be constituted as a regionally owned council-controlled organisation and whether the statutory prohibition on Watercare paying a dividend to its shareholders should be removed. In August 2004, at a special council meeting, Waitakere City Council resolved in favour of both amendments to the legislation, with the proviso that this Council will not necessarily agree to the distribution of a dividend as a general rule and will agree only when it contributes to the benefit of the community. The Council also supported the retention of its shareholding in Watercare Services Limited and opposed any move by the Government or any Local Authority to transfer the ownership and governance of Watercare to the Auckland Regional Council. This Council also opposed any move by Watercare to be empowered to provide retail water services.

5. Joint planning with the Local Network Operators.

A major recommendation from a study commissioned by Auckland City and Metrowater in November 2003 was the need to strengthen joint planning and for operators to work collaboratively to develop solutions to tackle challenges in provision of wastewater services. Watercare has already made some progress in this area, for example by initiating the development of a regional vision for the three waters.

6. Coordination of strategies in asset investment.

The Shareholders Representative Group has requested Watercare to lead an approach to asset planning and investment within the industry that encourages more coordination and which discourages duplication and unnecessary expenditure within the region.

RESOURCES

Technical support provided by Council officers for the Watercare Shareholders Group is included in Annual Plan 2004/2005 and draft Annual Plan 2005/2006.

CONCLUSION

The main functions of the Shareholders Representative Group are to appoint the Board of Watercare, to provide input to Watercare's Statement of Corporate Intent and monitor the performance of the Board against the Statement of Corporate Intent. An Officers Group with representatives from the shareholder Territorial Authorities supports the Shareholders Group.

The Governance Process for 2005 includes:

- Priority-setting – including priorities for the draft Statement of Corporate Intent and Funding Plan;
- Quarterly meetings;
- Four Special meetings;
- Regular Officers' Working Group meetings;
- Matters of Interest Log – kept by the Shareholders Representative Group as a list of issues or concerns that the Group is particularly interested in and monitoring with regard to Watercare's performance.

The key issues for 2005 are:

- Placing the Statement of Corporate Intent more in the context of the sustainable management of water and the four well-beings as stipulated in the Local Government Act 2002;
- Continuing to make the cost efficiency review of Watercare a priority;
- Shareholders Representative Group review of Watercare's Funding Plan;
- Central Government review of Watercare's legislation;
- Joint planning with the Local Network Operators;
- Coordination of strategies in asset investment.

RECOMMENDATION

That the Watercare Services Limited report be received.

Report prepared by Annika Lane; Group Manager: Strategic Planning & Policy (Acting) and Tony Miguel; Group Manager: Asset Management.



12 HENDERSON CHARGE PARKING TRIAL - UPDATE

PURPOSE OF THE REPORT

The purpose of this report is to consider an update on the Henderson Charge Car Parking Trial.

BACKGROUND

A15

The Henderson Charge Car Parking Trial commenced on 19 July 2004 at three sites, as approved by the Henderson Community Board (273/2004, 274/2004), Finance and Operational Performance Committee (403/2004, 1020/2004) and Council (479/2004) at Corban Hill, Falls Park car parks and part of the Alderman Drive / Edmonton Road car park. These sites are shown on the map attached at A15.

The charge is \$3 per day Monday to Saturday. Hours of operation are: 6.00am to 6.00pm on Mondays to Thursdays; 6.00am to 9.00pm on Fridays; and 6.00am to 6.00 pm on Saturdays. The trial is being managed by Care Park New Zealand Limited in accordance with an agreement with the Council. The trial is for a two year period until 19 July 2006, unless terminated earlier by one month's notice or unless the parties agree to another termination date. The Council owns the infrastructure in relation to the trial.

The Finance and Operational Performance Committee has resolved that the Council analyse impacts of the car parking strategies on local streets and parks in the surrounding area of the charged car park trial (1489/2004).

The Henderson Community Board resolved at its meeting on 2 December 2004:

- "1. That the Henderson Community Board opposes paid parking in Henderson.*
- 2. That this decision be advised to the Finance and Operational Performance Committee with a request from the Henderson Community Board that the paid parking trial in Henderson be terminated."*

2231/2004

STRATEGIC CONTEXT

The purposes of the trial are (in accordance with this Committee's resolution 1487/2004):

- To upgrade the car parks with extra security;
- To determine the best way to implement charge parking in the Henderson Town Centre, achieving safety and travel behaviour outcomes;
- To set the right market conditions for charge parking;
- To test how the trial affects safety, security and travel behaviour and its effectiveness as a travel demand management measure;
- To recover costs in relation to the infrastructure by the end of the trial.

Urban Strategy

Henderson is one of the three major town centres in Waitakere City and is recognised as a key centre in the Urban Strategy. It is the city's most centrally located town centre. It is located on the rail corridor and has the largest percentage of retail floor-space and community facilities. There has been significant recent investment, notably at Westfield's West City Mall, Sel Peacock Drive retirement complex, the West Wave, the Unitec campus and Waitakere City library, and Waitakere Central development.

The Henderson Town Centre Concept Plan was produced to guide the future development of Henderson in a planned and co-ordinated way to ensure that Henderson consolidates its critical position as a key working environment and local employer, furthering Council's key objectives in creating a sustainable city.

Key principles in planning for Henderson are as follows:

- Encourage mixed use development and improve the quality of the built environment;
- Develop the streams and the green networks and improve the leisure facilities;
- Improve public transport, road and walking linkages;
- Encourage a range of economic activities to sustain a robust economy in an adaptable innovative and dynamic way.

The Henderson Town Centre Concept Plan identified the need to generate a "movement economy" and the recognition that location of car parking was a key method of ensuring pedestrian movement in and around the town centre. The practical implementation of such an approach is to ensure that longer stay/commuter car parking is located on the periphery of the town centre, and that centrally located car parking is targeted at shorter stay/shopper parkers.

Transport Strategy

When considering the provision of car parking in town centres, a key issue is the Transport Strategy and the Council's aspiration to increase the use of passenger transport. It will be difficult and expensive for the Council to provide further car parking in its town centres as land availability is limited and the environmental and urban design effects of taking up further land with car parking are significant. Therefore, it is likely that the lack of opportunities to provide car parking will become a brake on growth in the City's main centres.

In terms of approach to car parking, a focus on the Council's provision of shopper parking to support town centre retail and economic activity is the priority. Providing substantial areas of free long term/commuter parking has not been regarded as a priority by the Council.

Restrictions on all day car parking and the introduction of charge car parking are mechanisms being developed to support the Council's Transport Strategy and Urban Strategy, rather than subsidising the use of cars as a commuting option. Charge car parking and all day parking restrictions will change the relative cost of private motor vehicle usage and public transport, making public transport a more viable option. In addition, the introduction of charge car parking will make it commercially viable to build car park buildings without relying on rates to pay for these facilities.

ISSUES

1. Progress towards outcomes.
2. Impacts on Henderson town centre.
3. Henderson Community Board's concerns.

1. Progress towards outcomes

- **To upgrade the car parks with extra security;**

This has been achieved. Security patrols are in place. Lights and CCTV cameras have been installed and are now able to be viewed online. Enforcement officers are on site daily and Care Park's customer service officer, maintenance and cash collection staff also add to the sense of security. There has been favourable public comment on the CCTV cameras. There is a noticeable pattern of customers parking close to the CCTV cameras where they can. At the Alderman Drive/Edmonton Road car park lighting upgrades put in place in and around this car park and over the pedestrian bridge in relation to the closure of Ratanui Street parking. When the Henderson Community Board was presented with a petition against the trial, the petitioners indicated that they liked the increased security, but did not want to pay a charge.

- **To determine the best way to implement charge parking in the Henderson Town Centre, achieving safety and travel behaviour outcomes;**

It is still too early to fully assess this outcome. The introduction of the trial has changed a number of people's parking behaviour and this has had flow-on effects on the local streets and other parking provision in Henderson.

Prior to the trial, it was unknown exactly what the impacts on parking and travel patterns were going to be. Officers have observed the impacts on the West Wave parking area, local streets, other commercial parking such as Pak 'n' Save and streets at the south end of Henderson. This has shown that there was a need to review the provision of parking and parking restrictions in Henderson, as these had not been reviewed for some time, and did not take account of new businesses and a change in business patterns. A workshop on parking restrictions in Henderson has been held and will be reported in due course.

- **To set the right market conditions for charge parking;**

This is an ongoing process. The trial introduces an expectation that paid parking will be part of the future parking scene in Henderson. Care Park has reported that Westfield is noticing an impact and is warning people not to park all day in their car parks. Immediately after the introduction of the trial, Pak 'n' Save increased their parking monitoring and strictly enforced their parking restrictions.

Care Park and the Council received a number of requests from the public to be able to lease car parks in the trial car parks. The Baptist Church is considering leasing some of its car parks at a premium above \$3 per day. This demonstrates that convenience and consistency is a factor in people's decisions about where and how they park, and that some are willing to pay for this service.

Parking Services have been enforcing the trial car parks on a regular basis. Before the trial the car parks were mostly all-day parking, so enforcement did not focus on time infringements. Since the trial began, 354 infringement notices have been issued in the trial car parks for those who have failed to display tickets.

- **To test how the trial affects safety, security and travel behaviour and its effectiveness as a travel demand management measure;**

It is still too early to fully assess this outcome. A survey of those parking at the car parks was carried out before the trial commenced and will be repeated at the end of 12 months. Police records indicate frequent vehicle break-ins and theft prior to the trial, with almost elimination after the trial. Anecdotal comments indicate a greater feeling of security of people who park at the sites.

An immediate change in travel behaviour has been people choosing to park in these sites or alternative sites. Different streets and other parking areas around Henderson have shown a marked increase in those seeking parking spaces, and some people appear to be parking further away from Henderson and walking to their places of work. The trial has stimulated some thinking about alternative travel as evidenced in, the “underground newsletter” which encouraged workers to car pool or use alternate modes of transport.

- **To recover costs in relation to the infrastructure by the end of the trial.**

It is still too early to accurately assess this outcome. To date, the trial is performing as expected financially and, with all expenses and management fees deducted, has produced a small surplus to date. This surplus is on target to meet the recovery costs for the physical infrastructure. The pay and display charge of \$3 per day was set so that infrastructure costs could be recovered by the end of the two year trial.

To break even, the combined trial car parks need an average occupancy rate of 65% or more. The combined average occupancy rate has been 59% during July to December. However, total occupancy has been steadily increasing and average occupancy during November and December was 67%. This compares with an average of 90% occupancy prior to the trial.

Occupancy at Alderman Drive / Edmonton Road and Falls Park has been steadily increasing since the trial began. Occupancy at Alderman Drive/Edmonton Road has been more than 100% for 43% of the trial period to date. This means that these car parks are not just being used for all day parking, there is consistent turnover in these car parks – people are choosing to park for shorter periods of time even with a free 2-hour parking next to the pay and display parking.

2. Impacts on Henderson town centre

A16

For street locations, please refer to the map attached at page A16.

Edmonton Road / Alderman Drive P120 parking

The P120 parking area of the Edmonton Road / Alderman Drive car park is still being underutilised. This car park was intended for short term shopper parking to replace that closed in the Ratanui Street/Trading Place Unitec/Library redevelopment.

Takapu Street

When the trial started, Takapu Street, off Edmonton Road and adjacent to the Falls Park car park was used by commuters for parking to avoid the parking charges. This street was actively promoted for parking by Henderson workers who petitioned against the trial. The residents were very concerned as previously this street had been very quiet. Those parking there were not always acting considerately and caused a number of issues for elderly local residents. This issue was investigated by Transport Assets staff and a report recommending a 'No Stopping' parking restriction along a large portion of one side of Takapu Street was submitted to the August 2004 meeting of the Henderson Community Board. The Board considered this report but decided only to approve a few short lengths of 'No Stopping' line around the intersections of Edmonton Road and Takapu Street, and Ciprian Place and Takapu Street that were recommended for safety reasons.

Following further complaints from Takapu Street residents and at the request of several elected members a further report containing a similar recommendation was submitted to the Henderson Community Board's meeting 2 September 2004. After considering this report and the verbal submissions of a number of residents made during the public forum part of the meeting the Board approved the resolution which created a P120 parking restriction on both sides of the western part of Takapu Street.

The new P120 parking restrictions in Takapu Street have been effective in significantly reducing the number of vehicles parked in Takapu Street during business hours. The survey of Takapu Street and Ciprian Place residents indicated that a large majority of the residents are happy with the parking restrictions.

Vitasovich Avenue

Vitasovich Avenue, between Edsel Street and View Road, has experienced a marginal increase in parking. Over the Christmas period, Westfield removes staff on-site parking privileges, requiring staff to find off-site parking. This, along with an increase in shopper volumes, meant that Vitasovich Avenue was very busy. This has now subsided.

West Wave car park

This car park is being used to capacity in support of the ancillary activities in the immediate area. The car park services the aquatic centre, recreation centre and associated activities, library, bowling club, croquet club, child centre and Cranwell Park. The car park capacity is not fully meeting the needs of the activities in the immediate area, and complaints have been received from patrons, particularly elderly patrons on Wednesdays, for whom a number of exercise classes are run in combination with the centre's normal loadings.

In response to customer complaints, Parking Services have increased their enforcement in the West Wave car park area, and have altered working hours in order to discourage commuter parking. It was observed by enforcement staff that commuters would park their car in the morning in the P240 parking area and then return four hours later to move their car for a further four hours of free parking. The following infringement notices have been issued:

Period	Pre-trial year Jul 2003 – Jul 2004	Pre-trial period Jul 2003 – Jan 2004	Pre-trial period % of annual notices	Trial period Jul 2004 – Jan 2005	Trial period % of (pre-trial) annual notices
Number Infringement Notices issued	2926	1365	47%	2170	74%

As shown above, over the matching time period, July to January, the number of infringement notices has increased from 47% of the annual number of notices issued in 2003/2004 to 74% of the (pre-trial) annual number of notices issued. This is a significant increase.

Henderson Streets

On most Henderson streets, there has not been a noticeable impact from the trial. There appears to be some increase in those parking in the south side of Henderson Central Business District, near Dora Street and Catherine Street. There are a number of large free car parks in this area on private or currently vacant land. It is estimated that about 130 cars park in these free car parks and an estimated 50 further cars are parked in an unused light factory area in Cranwell Street.

There is some parking congestion on Buscomb Avenue. This is near the police station, which has no on-site staff parking, and is likely to be related to police staffing levels rather than the trial. The new development at the old Mitre 10 site on Sel Peacock Drive, which includes a call centre, may create further parking demand, although this may be eased if parking is provided under the building.

Complaints

A petition was received by the Henderson Community Board at its meeting on 8 July 2004 and by the Council at its meeting on 28 August 2004. The number of verbal or written complaints about the charge car parking trial received by the Council Call Centre, Parking Services and other staff has virtually ceased.

Local Businesses

Aside from the above ongoing issue, there have been no complaints received from local businesses about the charge car parking trial. However, there has been media coverage of business concerns about the overall effect of parking on business in Henderson. The Henderson Business Network supports the trial, and members have verbally said that the majority of businesses in Henderson support the trial. Members have indicated that the petition group did not represent the majority of the businesses in Henderson. A key reason that businesses do support the trial is because of past security issues at the car parks. At the onset of the trial a number of local businesses put small plastic distribution boxes outside their shops for distributing the Care Park parking brochures which promote the improved service and security at the pay and display car parks.

Trading Place re-development car park relocation

An independent commissioner for the resource consent for construction of the Unitec/Library development in Trading Place determined that 25 car parks must be provided for the affected businesses in a car park on Alderman Drive. From 30 August 2004, 25 car parks in the Falls Park car park are leased by Care Park to the Unitec/Library construction project at \$3 per day.

3. Issues relating to termination of the trial

The trial is for a two year period until 19 July 2006, unless terminated earlier by one month's notice or unless the parties agree to another termination date. The following is an outline of potential impacts of early termination of the trial:

Impacts of early termination of the trial:

- Loss of credibility with operators and loss of market conditions which may affect future contracts for the management of car park buildings at the library, Waitakere Central, and other Council car parks in Waitakere City;
- Financial loss to Council – non-recovery of cost of infrastructure (\$155,000) which would be passed on to ratepayers rather than users of the car parks (offset by approximately \$52,140 for sale of equipment); costs of removal and sale of equipment; change of signage; communications; ratepayers fund higher cost to implement paid parking in future;
- Effects on objectives of the trial particularly the Travel Demand Management programme and long term sustainable city.

Further information will be gained over the course of the trial including survey of users to assist the Committee in deciding what course of action leading up to the end of the trial. Options can be explored and assessed for consideration by this Committee.

CONCLUSION

The charge parking trial is progressing well towards achieving the goals set by this Committee. It is recommended that the trial should continue and that a further report be brought back to the Committee in early 2006.

RECOMMENDATIONS

1. That the Henderson Car Parking Trial - Update report be received.
2. That the Car Parking Trial continue as planned and that a further report be provided to the Finance and Operational Performance Committee in early 2006 to report back on the progress of the trial.

Report prepared by: Kevin Wright, Manager Transport Strategy and Rachel Sander, Project Manager: Transport Projects.



13 AUCKLAND WAR MEMORIAL MUSEUM AND THE MUSEUM OF TRANSPORT AND TECHNOLOGY – DRAFT ANNUAL PLANS AND PROPOSED LEVIES FOR 2005/2006

PURPOSE OF THE REPORT

The purpose of this report is to update the Finance and Operational Performance Committee with regard to the proposed 2005/2006 levies being sought by the respective Museums.

BACKGROUND

Council is a contributing member (2 voting representatives) on the Territorial Local Authority Electoral College. The Electoral College exercises a governance role over the respective Boards of The Auckland War Memorial Museum and the Museum of Transport and Technology. By legislation, territorial local authorities within the Auckland Region are required to contribute to the running costs of these organisations, the share of which is allocated based on the respective capital values (rating) within the contributing authorities. The Electoral College must agree the amount of the levy with each of the Museum Boards.

A17-A18 The issue of proposed levies for 2005/2006 was reported to the December 2004 meeting of this Committee (report and resolutions are attached at pages A17 to A18).'

STRATEGIC CONTEXT

The Auckland War Memorial Museum and the Museum of Transport and Technology are facilities contributing to the preservation of cultural and heritage history on a regional basis.

ISSUES

A19-A75 The draft 2005/2005 Annual Plans of the two Museums have now been published (Copies are attached at pages A19 to A75)

The proposed levy in respect of the Auckland War Memorial Museum is \$16,996,000. The levy recommended by the Electoral College is \$16,333,000 (see December 2004 report to this Committee attached at pages A17 to A18). The general consensus of the Electoral College members is that this level of levy is sufficient to fund the extended operations of the museum and at a meeting of the Electoral College held 27 January 2005 a submission to the Auckland War Memorial Museum draft Annual Plan was approved. The submission is requesting that the levy be set at \$16,333,000 (the submission is attached at pages A63 to A64). The submission also states that if agreement is not reached the Electoral College will seek arbitration on the matter, as set out in the Auckland War Memorial Act 1996.

The levy in respect of the Museum of Transport and Technology is as discussed in the December 2004 report to this Committee and agreed to, in principle, by the Electoral College. The general consensus of the Electoral College is that the levy sought by this Museum is reasonable in light of upgrade and development programme that they have embarked upon.

A summary of the proposed levies and impact on this Council's rate requirement is as follows:

Auckland War Memorial Museum

Levy as per draft 2005/2006 Annual Plan	\$16,996,000
Increase over 2004/2005 year	\$2,442,000
Percentage increase	16.8%
Estimated increase to WCC	\$232,000
Percentage impact on WCC rate requirement	0.25%
Levy Recommended by Electoral College	\$16,330,000
Increase over 2004/2005 year	\$1,776,000
Percentage increase	12.2%
Estimated increase to WCC	\$168,720
Percentage impact on WCC rate requirement	0.18%

Museum of Transport and Technology

Levy as per draft 2005/2006 Annual Plan	\$5,400,000
Increase over 2004/2005 year	\$1,000,000
Percentage increase	22.7%
Estimated increase to WCC	\$93,811
Percentage impact on WCC rate requirement	0.1%

CONCLUSION

The draft 2005/2006 Annual Plans in respect of the Auckland War Memorial Museum and the Museum of Transport and Technology have been made available for consultation. The level of levy sought by the Auckland War Memorial Museum is significantly above that recommended by the Electoral College and the College has now prepared a submission to the Museums draft Annual Plan requesting that the levy request be set at the level requested by the Electoral College. The submission also signals the intention that arbitration will be invoked if agreement is not reached.

The levy sought by the Museum of Transport and Technology is supported by the Electoral College in light of that museums' upgrade and development programme. The Board of the Museum of Transport and Technology have indicated that they are willing to make a formal presentation to this Committee in respect of those development plans.

RECOMMENDATIONS

1. That the Auckland War Memorial Museum and the Museum of Transport and Technology - Draft Annual Plans and Proposed Levies for 2005/2006 report be received.
2. That the Finance and Operational Performance Committee endorse the Electoral College Submission to the Auckland War Memorial Museum 2005/2006 draft Annual Plan.
3. That the Finance and Operational Performance Committee lodge it's own submission to the Auckland War Memorial Museum draft Annual Plan in support of the submission by the Electoral College.
4. That the Finance and Operational Performance Committee endorse the Electoral College support for the 2005/2006 levy proposed by the Museum of Transport and Technology.
5. That the Finance and Operational Performance Committee invite the Board of the Museum of Transport and Technology to present their upgrade and development plans, and progress to date, to the March 2005 meeting of this Committee.

Report prepared by: Alec Third, Group Manager: Financial Operations.



14 RATES MODELLING NEW LAND VALUES

PURPOSE OF THE REPORT

The purpose of this report is to provide updated rates models for the Finance and Operational Performance Committees consideration in determining various aspects of the rating system for 2005/2006. The models now include various business sector rate share calculations based on the 2004/2005 Annual Plan rate requirement and new land values at 1 September 2004.

BACKGROUND

The Committee at its meeting of 6 December 2004 received a report on various rates models. The Committee requested that the models be updated with the inclusion of various business sector shares of rates.

Each year the Council conducts a review of the proportion of the total rate requirement that is to be met by the business sector, based on an analysis of the cost of providing services to the sector as contained in the Annual Plan, together its share of other general costs. This review, while a useful guide, is not a precise allocation of costs and is designed to only provide an indicative guide. For the 2004/2005 year, the Council resolved that 20.5% of the total rate requirement continues to be met from the business sector.

Changes to the rating system must be included for consultation in the draft Annual Plan 2005/2006. To meet the timetable for adoption of the draft Annual Plan 2005/2006, recommendations will need to be made to the Long Term Council Community Plan and Annual Plan Special Committee as to the rates models to be included for consultation, including the level of the Uniform Annual General Charge.

STRATEGIC CONTEXT

The Council funds a considerable proportion of its expenditure from rates. Differentials are applied in the rating system in an endeavour to equate the level of benefit from all of the Council's services to the total rates payable by properties within the residential and business sectors.

ISSUES

Business Sector Share of Costs

In the 2004/2005 year using the land values applicable for that year the direct costs to the business sector was estimated to be approximately 18.9% of overall costs. However, after consideration for indirect costs that are difficult to quantify, the Council determined the share of costs to be allocated to the business sector remain at 20.5% of the rate requirement.

The direct costs to the business sector have been reassessed using the new property values as at September 2004. Changes to the sector's share of costs relate to the reduction in the business sector share of land value which has reduced from 7.45% to 6.7% of total rateable land values.

A76 Attached at pages A76 are summarised details of the cost analysis.

The effect of the reduction in the share of land value is to reduce the calculated sector share of costs to approximately 18.4% before consideration of indirect costs, a reduction of .5%. It is still important however, for Council to consider the indirect costs which are general in nature but contribute to the wellbeing of the City as a whole and thus the business sector.

A77-A79 It was also requested that relevant details of the current Funding Policy be provided to the Committee. An extract from the Funding Policy relating to the business sector's share of rates is attached at pages A77 to A79.

Rates Models

At its meeting held on 6 December 2004, the Committee resolved that rates models be brought back to the February 2005 meeting with the inclusion of contributions from the business sector being 21%, 20% and 19%.

A80-A94 These models are attached at pages A80 to A94 together with a model of the current sector share of 20.5%.

The effect on residential sector rates (at the current level of the Uniform Annual General Charge of \$460) of each 1% change in the business sector share is approximately \$18 for a property at the new average land value of \$150,000, increasing to \$30 at a land value of \$300,000, and \$42, at a land value of \$450,000.

The effect on business sector rates of each 1% change in the sector's share is approximately \$151 at a land value of \$100,000, \$456 at a land value of \$300,000, and \$3,036 at a land value of \$2,000,000.

Level of the Uniform Annual General Charge

The Committee needs to determine what levels of the Uniform Annual Charge it wishes to consult on in the Draft Annual Plan 2005/2006. The rates models provide three options of the current amount of \$460 or \$410 or \$510.

Stepped Differential Rating System

The stepped differentials must be changed to reflect the impact of the new land values to be applied from 1 July 2005. A separate report within this agenda deals with the necessary amendments required. At its meeting of the 6 December 2004 the Committee was comfortable with the proposed changes that essentially retain the same characteristics of the stepped differential as applied from 1 July 2002.

Other Annual General Charges

As the budgets for 2005/2006 are still under preparation the quantum of Annual Charges can not yet be finally calculated. It is intended that the Long Term Council Community Plan and Annual Plan Special Committee receive information on the level of the following charges and include them in the Draft Annual Plan 2005/2006 for consultation.

- Rural Sewerage Charge;
- Environmental Monitoring Charge;
- Waste Collection Charge;
- Harbourview Park Rate.

Conclusion

Rates models have been provided based on the new land values effective from 1 July 2005. The Committee needs to determine what rate models should be included in the Draft Annual Plan 2005/2006 for public consultation.

RECOMMENDATIONS

1. That the Rates Modelling New Land Values report be received.
2. That the Finance and Operational Performance Committee recommend to Council the share of the rates to be collected from the business sector to be included in the draft Annual Plan 2005/2006.
3. That the Finance and Operational Performance Committee recommend to Council the level of the Uniform Annual General Charge to be included in the draft Annual Plan 2005/2006.
4. That the level of other Annual Charges be discussed during the deliberations on the Annual Plan by the Long Term Council Community Plan and Annual Plan Special Committee.

Report prepared by: John MacKenzie, Group Manager, Rates.



15 AMENDMENTS TO RATING SYSTEM

PURPOSE OF THE REPORT

The purpose of this report is to recommend changes to the rating system and amendments to Rates Remission Policies to apply from the 2005/2006 rating year.

BACKGROUND

Details of the rating system and rates remission and postponement policies are contained in the Funding Impact Statement which forms part of the financial statements in the Annual Plan. As reported to the 6 December 2004 meeting of the Committee, the new property values resulting from the September 2004 revision of values have to be used for calculation of rates from 1 July 2005, and will require an amendment to the Differential Rating System. Also from time to time there is a need to make minor changes to the wording of other provisions contained in the description of the rating system and changes to rates remission or postponement policies to take account of particular circumstances that either have arisen, or may arise, that were not envisaged when the current statement and policies were approved. These are generally in the nature of "fine tuning" the rates system.

STRATEGIC CONTEXT

Changes to the rating system, including changes to the description of the differential rating system, method of calculation of rates, as contained in the Funding Impact Statement, and amendment of Rates Remission or Rates Postponement Policies are required under the Local Government Act 2002 and Local Government (Rating) Act 2002 to be made during the Annual Plan process.

ISSUES

A95-A108

Attached at pages A95 to A108 is the description of the rating system which forms part of the Funding Impact Statement, which has been changed to incorporate the proposals discussed below.

Amendments to the Stepped Differential Rating System

As reported to the Committee at its meeting held 6 December 2004, the new property values will require an amendment to the land values at which the various steps of the differential rating system will apply, and the differential factors applying to the base rates for those steps. Set out below are the differential categories to which the stepped differential applies, the old and new land value levels, and differential factors as recommended to that meeting of the Committee.

Differential	Old Land Value Range	Old Differential Factor	New Land Value Range	New Differential Factor
Residential				
Step 1	1- \$ 90,000	1.00	\$1- \$150,000	1.00
Step 2	\$90,001- \$240,000	.69	\$150,001- \$380,000	.75
Step 3	>\$240,000	.52	>\$380,000	.50
Multi-Unit 2				
Step 1	1- \$180,000	1.00	\$1- \$300,000	1.00
Step 2	180,001- \$480,000	.69	\$300,001- \$760,000	.75
Step 3	\$480,000	.52	>\$760,000	.50
Multi-Unit 3				
Step 1	\$1- \$270,000	1.00	\$1- \$ 450,000	1.00
Step 2	\$270,001- \$720,000	.69	\$450,001- \$1,140,000	.75
Step 3	>\$720,000	.52	>\$1,140,000	.50
Multi-Unit 4				
Step 1	\$1- \$360,000	1.00	\$1- \$ 600,000	1.00
Step 2	>\$360,000	.69	>\$600,000	.75
Multi-Unit 5-9				
Step 1	\$1- \$750,000	1.00	\$1- \$ 750,000	1.00
Step 2	>\$750,000	.69	>\$750,000	.75
Multi-Unit 10-39				
Step 1	\$1- \$1,750,000	1.00	\$1- \$1,750,000	1.00
Step 2	>\$1,750,000	.69	>\$1,750,000	.75
Multi-Unit 40+				
Step 1	\$1- \$3,600,000	1.00	\$1- \$7,000,000	1.00
Step 2	>\$3,600,000	.69	>\$7,000,000	.75

Minor Changes to Description of Rating System

“Granny Flats”

Under the current rating system where a minor household unit, in this context commonly referred to as a “granny flat”, is occupied by a member of the immediate family of the ratepayer, the minor household unit is not treated as a separately used or inhabited part of the rating unit. The ratepayer is required to make an application each year advising the status of the unit, and the relationship of the occupier of the “granny flat” in order for this rating treatment to continue, as the occupation of such units can change from time to time. However, it is considered desirable to amend the wording of the current provision to clarify that it will not apply to a property rented out by the owner, and who does not reside in either the principal dwelling or the minor household unit. Therefore appropriate changes to the wording are proposed.

Exclusions from Wastewater Targeted Rates

The current rating system excludes certain specified properties in the Sturges North Area, (which is in the Inner Area), that are not able to be connected to the wastewater system, from being charged the targeted rate for wastewater. There are a number of other properties in the Sturges North Area that are also not able to be connected to the wastewater system, and are not expected to be able to be serviced for some time. It is considered to be equitable for these properties to also be exempted from the wastewater targeted rate. The list of properties excluded from the rate has been amended to include these properties. The list will be reviewed annually, and properties will be removed from the list when a connection to the wastewater reticulation system is possible.

Basis of Rating – Sports and Community Groups

It has been the established practice that rates levied on properties occupied by sports groups, community groups and other groups to which Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 now applies are calculated on the same basis as residential properties. However it is considered that the wording of the description of the rating system could be clarified to make this basis of calculating rates more certain. Therefore appropriate changes to the wording are proposed.

Farmland - Rates Postponement Values

Consequential to the September 2004 revaluation of properties, and the removal of rates postponement values from the valuation roll, and in order to continue to correctly categorise and postpone rates on properties affected, minor changes are necessary to the description of the differential rating category relating to farmland properties which had rates postponement values assigned under the provisions of the Rating Powers Act 1988 and Rating Valuations Act 1998.

Minor Changes to Rates Remission Policies

Rates Remission Policy 3: Remission of Uniform Annual General Charges and Targeted Rates Levied as Uniform Annual Charges

Land on which no building consent may be issued

From time to time situations arise where no building consent may be issued on an area of land due, for example, to land instability. Under the current rates system and the rates remission policy, such a property is required to be levied full rates, including the Uniform Annual General Charge, and no remission of any rates or charges can be given.

It is proposed that the Rates Remission Policy 3 be amended to permit the remission of the Uniform Annual General Charge and Targeted Rates levied as Uniform Annual Charges if it is considered in the circumstances to be equitable to do so. The wording of this policy is proposed to be amended accordingly.

Part of land in an adjacent Local Authority Area

There are a small number of properties in the city where the land titles span the boundaries with Auckland City and Rodney District respectively. The practice of many years is that where the house on the property is in the other local authority's area and the part of the land on the title in Waitakere City is minor and used say as part of the garden, no Uniform Annual General Charge or Refuse Charge has been levied.

It is considered equitable for this practice to continue. Consequently it is proposed that Rates Remission Policy 3 be changed to permit this practice to continue. The wording of the policy is proposed to be amended accordingly.

Rates Remission Policy 4: Council Owned Non-revenue Producing Properties

The current policy provides for the remission of rates on properties owned by the Council that do not generate income from a residential/commercial tenancy or lease and/or significantly funded through user charges.

Whilst this policy generally restated the former policy, it did not provide for the case where a property is leased for a peppercorn rental, and the lease provides for the payment of rates. As the policy stands, because such a property does not generate revenue, its rates are remitted, and the lessee has no rates to pay. It is proposed that the policy be amended to exclude the situation where under the terms of a tenancy, lease or licence a tenant, lessee or licensee is required to pay rates. The wording of the policy is proposed to be amended accordingly.

CONCLUSION

Proposed changes to the Differential Rating System are required as a result of the new land values (1 September 2004) that must be used from 1 July 2005. These changes and other suggested changes as contained in the report are required to be included in the Draft Annual Plan 2005/2006 to become operative from 1 July 2005.

RECOMMENDATIONS

1. That the Amendments to Rating System report be received.
2. That it be recommended to Council that the proposed changes to the Differential Rating System, Description of the Rating System, and proposed changes to the Rates Remission Policy on Uniform Annual General Charges be adopted for inclusion in the draft Annual Plan 2005/2006 for public consultation.

Report prepared by: John MacKenzie, Group Manager, Rates.



PART F - SUBCOMMITTEE REPORTS

16 EMERGENCY SERVICES SPECIAL COMMITTEE

THE SPECIAL COMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON TUESDAY, 1 FEBRUARY 2005

MATTERS CONSIDERED

A109-A111

The Special Committee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meeting is attached at pages A109 to A111.

The Special Committee Recommends:

That the Meeting report of the Emergency Services Special Committee held on Tuesday, 1 February 2005 be received.

DQ Battersby, JP
CHAIRPERSON



17 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETINGS HELD ON FRIDAY, 3 DECEMBER 2004 AND FRIDAY, 17 DECEMBER 2004

MATTERS CONSIDERED

A112-A119

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings are attached at pages A112 to A119.

The Subcommittee Recommends:

That the Meeting reports of the Tenders Subcommittee held on Friday, 3 December 2004 and Friday, 17 December 2004 be received.

JM Clews, QSO, JP
CHAIRPERSON

