



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

I hereby give notice that a Meeting of the Finance and Operational Performance Committee will be held on:-

DATE: **Monday, 12 December 2005** **TIME:** **9.30 am**

VENUE: **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

8 December 2005

Sharon Simiona
**DEMOCRACY SUPPORT AND
SISTER CITY OFFICER**

Telephone (09) 836 8000 extn 8820

MEMBERSHIP:

Councillors	JM	Clews, QSO, JP (Chairperson)
	RI	Clow (Deputy Chairperson)
	DQ	Battersby, JP
	PJ	Booth, OBE
	MFP	Chan, JP
	LA	Cooper
	AK	Corban, OBE, JP
	RP	Dallow, QPM, JP
	WW	Flaunty, QSM, JP
	DE	Gilmour
	PA	Hulse
	JP	Lawley
	VS	Neeson, JP
	CA	Stone

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**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, 12 DECEMBER 2005
COMMENCING AT 9.30 AM**

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, 7 November 2005

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 7 November 2005, as circulated, be taken as read and now be confirmed.



4 **PRESENTATION - WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES
2004/2005 ANNUAL REPORTS / CURRENT YEAR FIRST QUARTER REPORTS**

PURPOSE OF THE REPORT

The purpose of this report is to present to Council the 2004/2005 Annual Reports and the first quarter reports for the current year of Waitakere City Holdings Limited and Subsidiaries including the Waitakere Enterprise Trust Board which falls under the governance of Waitakere City Holdings Limited.

BACKGROUND

Council, through the respective statements of intent, requires that Waitakere City Holdings Limited, Waitakere Properties Limited, the Waitakere Enterprise Trust Board and Techscope Limited present to Council quarterly performance reports.

STRATEGIC CONTEXT

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

ISSUES

The Annual Reports and the current year first quarter reports for Waitakere City Holdings Limited, Waitakere Properties Limited, Techscope Limited and the Waitakere Enterprise Trust Board have been circulated separately to the Agenda. Presentations will be made at this meeting by the Boards and management of these organisations.

Waitakere City Holdings Limited does not prepare formal quarterly financial reports as the company merely operates as a consolidating entity for its subsidiaries.

CONCLUSION

The 2004/2005 Annual Reports and current year first quarter reports for Waitakere City Holdings Limited, Waitakere Properties Limited, Techscope Limited and the Waitakere Enterprise Trust Board are attached for this Committees information and consideration. Board members and management from the respective organisations will be present at this meeting to present their reports and to field any question regarding the performance and operations of the organisations that they represent.

RECOMMENDATION

That the 2004/2005 Annual Reports and current year first quarter reports for Waitakere City Holdings Limited, Waitakere Properties Limited, Techscope Limited and the Waitakere Enterprise Trust Board be received.

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



PART B - PROPERTY

5 RATANUI STREET STREETScape RENEWAL PROJECT, DEED OF LEASE WITH TELECOM NEW ZEALAND LIMITED

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Finance and Operational Performance Committee in regard to a Deed of Lease that has been agreed in principle between Telecom New Zealand Limited (TNZL) and Waitakere City Council for the establishment of street trading kiosks to be inset on the Telecom New Zealand Limited site at 6 Ratanui Street Henderson.

BACKGROUND

Isthmus Group was awarded the contract in 2004/2005 to design new urban concepts for the Railside Avenue to Alderman Drive and Catherine Mall Precincts.

The scope of works includes new paving, a variety of seating at appropriate locations, community gathering places in the precincts, landscaping, and proposed places to accommodate artworks.

As part of the detailed design it was proposed that two Adshel Street trading kiosks could be positioned in the Ratanui Street footpath in the vicinity of the Telecom New Zealand Limited site.

The purpose of the kiosks was to provide a small nodal area within a street that currently had no retail presence, to create a street ambience, a social gathering place and encourage small café/ food traders to operate under licence. The library and campus developments will greatly increase the pedestrian foot traffic in this area and therefore an additional demand for such amenity. Kiosks in this vicinity would receive good patronage and should be able to operate successfully from early morning coffee into the early evening period hence providing natural street surveillance.

The reason to undertake a Deed of Lease with Telecom New Zealand Limited was that the footpath environment is not wide enough to position the kiosks within them without reducing the pedestrian movement. By inserting them back into the Telecom New Zealand Limited site it enables the frontage to be directly level with the footpath. The immediate surrounding path area will then incorporate a combination of pedestrian movement, seating, lighting and landscape features to enable the area to be attractive and a desirable place for people to gather.

A1-A12 The Deed of Lease and Kiosk site plan is attached at page A1 to A12.

Telecom New Zealand Limited has also agreed to undertake general landscape improvements to their site as part of the Council's streetscape renewal project.

The Council already has a bus shelter contract throughout the city using the Adshel Classic Design Style' and the kiosks will be of the same design. Adshel will install and own the kiosks and all the current Adshel bus shelter contract clauses will apply in regard to such items as maintenance, advertising and revenue to the Council agreements.

The Council will lease the kiosks to suitable food traders, a Request of Interest process will be undertaken in early 2006 to choose the ideal traders and a lease agreement established by the Council for these premises.

STRATEGIC CONTEXT

The objective of implementing renewed infrastructure in the Railside Avenue to Alderman Drive and Catherine Mall precincts is to make the town centre a vibrant and enjoyable place to live, work and play by creating attractive urban places that encourage growth and economic development, with minimal environmental impacts contributing to the Urban and Rural Village strategic platforms.

The renewal of these precincts will link people directly into the proposed new transport centre in Railside Avenue. The advantages of a workable passenger transport system in the middle of the Henderson Central Business District serving a growing population will be to reduce traffic congestion. Safe vibrant streets will make sure this growing centre is easy to get around in while stimulating the local economy contributing to both the Integrated Transport and Communication and Strong Innovative Economies strategic platforms.

ISSUES

Deed of Lease Information

- The lease with Telecom New Zealand Limited will commence in 2006 and expire in 2022 with an annual peppercorn rent of \$1 plus GST.
- The Council's trader tenants will be responsible for all outgoings such as utility services and rubbish charges.
- The kiosks will be maintained through the standard Adshel service contract.
- The Council will ensure that the immediate area adjacent to the kiosks and Telecom New Zealand Limited property are kept in a tidy condition.
- The Council is entitled to sublet or licence the kiosks to suitable tenants, the revenue of such being to the Council's benefit.
- The general clauses relating to indemnity, compliance with statutes, alterations, assigning or subletting will not take place without obtaining the landlords (Telecom New Zealand Limited) consent.
- The landlord may re-enter the property or terminate this lease after the occurrence of such actions as rent arrears or breach of obligations of the lease.
- A three months notice period is required If the landlord proposes to sell or alter the land and requires removal of the kiosks.

Retail Traders Lease Agreement

Auckland City Council has recently undertaken installation of street trading kiosks in the inner city area and has developed lease agreements for these. Combined with their general experience in having set these up Waitakere City Council staff will explore the development of a suitable document for the Henderson Kiosks.

RESOURCES

The kiosks are being provided by Adshel and there is no cost to the Council for these structures, their installation or ongoing maintenance. All operating costs for utility services will be paid by the trader tenant.

CONCLUSION

The Council is committed to developing the Central Business District for Waitakere in Henderson. The streetscape renewal project aims to establish increased opportunities for business growth, providing a range of business types to suit the immediate vicinities and to extend the trading hours to provide for a vibrant street life. Placing the kiosks meets these criteria and ensures the footpath environment is safe and active. Achieving a Deed of Lease with Telecom New Zealand Limited is an excellent example of partnerships that maximise the outcomes for the overall area.

RECOMMENDATIONS

1. That the Ratanui Street Streetscape Renewal Project, Deed of Lease with Telecom New Zealand Limited report be received.
2. That the Deed of Lease with Telecom New Zealand Limited be approved and, that authority be delegated to the Chief Executive Officer to approve the terms and execute the signing of the agreement.
3. That a trader tenant lease agreement be prepared in conjunction with Council's Manager: Legal Services, and that authority be delegated to the Chief Executive Officer to execute the agreement.

Report prepared by: Janet Hannan, Principal Advisor: Urban Development.



PART C - LEGAL AND CONSTITUTIONAL

6 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 31 October 2005 - 2 December 2005

No.	NAME	PARTICULARS
3505	Waitakere City Council - Robert McCrone	Warrant of Appointment & Evidence of Identity - No.WCC203
3506	Waitakere City Council - Phillip Russell	Warrant of Appointment & Evidence of Identity - No.WCC204
3507	Waitakere City Council - John Wicks	Warrant of Appointment & Evidence of Identity - No.WCC205
3508	Waitakere City Council - Prasad Tekumala	Warrant of Appointment & Evidence of Identity - No.WCC206
3509	Waitakere City Council - Glen Kahutia Hingston	Warrant of Appointment & Evidence of Identity - No.WCC207
3510	Waitakere City Council - Eric Helleur	Deed of Waiver under s.40 Public Works Act - Purchase of 38 Glendale Road - Twin Stream Project
3511	Waitakere City Council - Waitakere Arts & Cultural Development Trust (WACDT)	Corban Estate Funding & Service Agreement 2005/2006
3512	Waitakere City Council - Callagher Family Trust	Memorandum of Encumbrance - Road encroachment - CT.NA673/164 - 7 Glenesk Road

3513	Waitakere City Council - NGC Corporation	Sale of stopped road - Waikumete Road - Council Resolution 2335/2004
3514	Waitakere City Council - The Henderson Heritage Trust	Lease of part of Corban Estate - City Development Resolution 1427/2005
3515	Waitakere City Council - The Henderson Heritage Trust	Agreement for Sale and development of St Michael's Church - City Development Resolution 1327/2005
3516	Waitakere City Council - Universal Homes & Westpac	Surrender of Uncompleted Works & Maintenance Bond dated 10/10/03 - Harbourview Stage 2 - SPW 21648
3517	Waitakere City Council - Body Corporate DP205998	Variation of Land Covenant D544139.2 - CT.NA13B/246 as dominant tenement and CT.NA75D/659 as servient tenement
3518	Waitakere City Council - Anthony Terrence & Gabrielle Mary Davis	Memorandum of Encumbrance - road encroachment - CT.240760 – 149N Glengarry Road – SPW 22113
3519	Waitakere City Council - VOS Investment Properties Ltd	Drainage Easement in gross - CT.162828 - 122 Tiroroa Road – SPW 21973
3520	Waitakere City Council - Exponent Holdings Ltd & Kiwi Housing Trust Ltd	Drainage Easement in gross re: DP347277 - 63 Sabulite Road - SPW 22171
3521	Waitakere City Council - Exponent Holdings Ltd & Kiwi Housing Trust Ltd	Water Supply easement in gross re DP347277 - 63 Sabulite Road - SPW 22171
3422	Waitakere City Council - Exponent Holdings Ltd & Kiwi Housing Trust Ltd	Cancellation of Deed of Covenant - CTs.NA785/177 & NA83D/427 - 63 Wabulite Road – SPW 22171
3423	Waitakere City Council - Her Majesty the Queen	Deed of Renewal - Seabed Head Licence, Westpark Marina - resolution 1153/2005
3424	Waitakere City Council - AP Ramsay & SE Petersen	Drainage Easement in gross - CTs 231960 & 231961 – 63 Simpson Road - SPW 22101
3525	WCC - T Williams, AJ Williams, GP Presland	Deed of Waiver s.40 Public Works Act - 40 Glendale Road - Resolution 1348/2005
3426	Waitakere City Council - Waitakere City Council	Conservation Covenant - s.77 Reserves Act 1977 - 1 Rangiwai Road - Resolution 1841/2004
3427	Waitakere City Council - TE Lochner	Drainage Easement in gross - CT.74367 - 19 Metcalfe Road - SPW 21522
3428	Waitakere City Council - D Raniga & Chandra Lal	Drainage Easement in gross - CTs.191020 & 191021 - 55 Sheridan Drive - SPW 22440
3429	WCC - Titirangi Tennis & Squash Rackets Club Inc	Deed of Lease - Resolution 1257/2005
3430	Waitakere City Council - AR & R Jordan	Memorandum of Encumbrance - Road Encroachment - 48 Otitori Bay Road, Titirangi
3431	Waitakere City Council - ABN AMRO Bank N.V.	International Swap Dealers Association Master Agreement to enter into Financial Instruments - Resolution 2026/2005
3532	Waitakere City Council – 4055 Centre Limited	Acceptance of dedication of road - 4055 Great North Road - Standing Orders 44.2

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

7 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.

BACKGROUND

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

A13 This report covers expenditure for four months to 31 October 2005. The financial summaries are attached at page A13.

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 to the four (4) months to 31 October 2005 is on track as per the operational budget.

RECOMMENDATION

That the Operating and Capital Expenditure Summaries report be received.

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



8 **BORROWING AND INVESTMENT REPORT**

PURPOSE OF THE REPORT

The purpose of this report is to provide the Committee with an update on the estimated borrowing and investment activity for October 2005.

BACKGROUND

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.

A14-A19

The relevant portfolio and graphs reflect the estimated position as at 31 October 2005 and are attached at pages A14 to A19.

ISSUES

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 significantly 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 2005/2006 year, including carry forward projects from the 2004/2005 year, through the 2005/2006 Annual Plan to a maximum gross debt of \$296.681 million. Interest expense for the 2005/2006 year is budgeted to be \$10.166 million.

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

ESTIMATED SUMMARY OF BORROWING AND INVESTMENT MOVEMENTS TO OCTOBER 2005

Council's estimated gross term debt position has increased by \$7.249 million since September 2005, with an estimated closing balance at October month end of \$182.203 million. Estimated working capital borrowings of \$28.707 million as at 31 October 2005 have been funded using unsecured bank facilities and internal borrowing.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING OCTOBER 2005

Sinking Fund Investment of \$2,194,895.81 for 42 days at an interest rate of 7.25%
Sinking Fund investment of \$608,435.00 for 42 days at an interest rate of 7.25%
Issue new Fixed Coupon Bond of \$10 million at an interest rate of 6.938%
New interest rate swap, notional value \$10 million for 8 years, Waitakere City Council receives fixed interest rate of 6.938% and pays floating interest rate of New Zealand 90 Day Bank Bill plus 17 basis points

FINANCIAL MARKET COMMENTARY

Market Overview

With the Reserve Bank of New Zealand increasing the Official Cash Rate to 7.0% on 27 October 2005, New Zealand short term interest rates have been increasing strongly to a current level of 7.67% for the 90 day Bank Bill rate. With the last increase of the Official Cash Rate the Governor of the Reserve Bank of New Zealand issued a statement which highlighted his concerns of household debt and spending levels. Unless there is a marked change in this pattern the Governor warned, further increases maybe be required. Considering the difference between the current Official Cash Rate of 7.0% and the current 90 day Bank Bill interest of 7.67%, it is clear that the financial market expects further increases in the Official Cash Rate over the coming months.

Most financial market commentators in the earlier stages of November had forecasted a further Official Cash Rate increase of 0.25% at the Reserve Bank of New Zealand's next Monetary Policy Statement, due 8 December 2005. However, as new economic data has surfaced some forecasts have begun to factor in the possibility of a 0.50% hike taking the Official Cash Rate to 7.50%.

Long term interest rates have been more stable, with the ten year swap interest rates peeking above 6.90% before again retreating to around the 6.80% level.

With the continued trend in short term interest rates, it is no surprise that the New Zealand dollar has continued to strengthen against most currencies over the past month as offshore investors are attracted to New Zealand dollar interest yields.

Up Coming Dates

Monetary Policy Statement 8 December 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

A20-A26

A summary schedule of payments made for the period 7 October 2005 to 10 November 2005 is attached at pages A20 to A21. A further schedule of all payments of \$5,000 and above, together with the reason for the payment is attached at pages A22 to A26. 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 7 October 2005 to 10 November 2005. 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.



10 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.

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

A27

The Special Fund report is separated into restricted and non-restricted funds. The balances and summary transactions for the four months ended 31 October 2005 are attached at page A27.

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 fund 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.



PART E - GENERAL

11 AVIAN BIRD INFLUENZA PANDEMIC PLANNING

PURPOSE OF THE REPORT

The purpose of this report is to give the Finance and Operational Performance Committee an overview of Avian Bird Influenza Planning and organisation at Waitakere City.

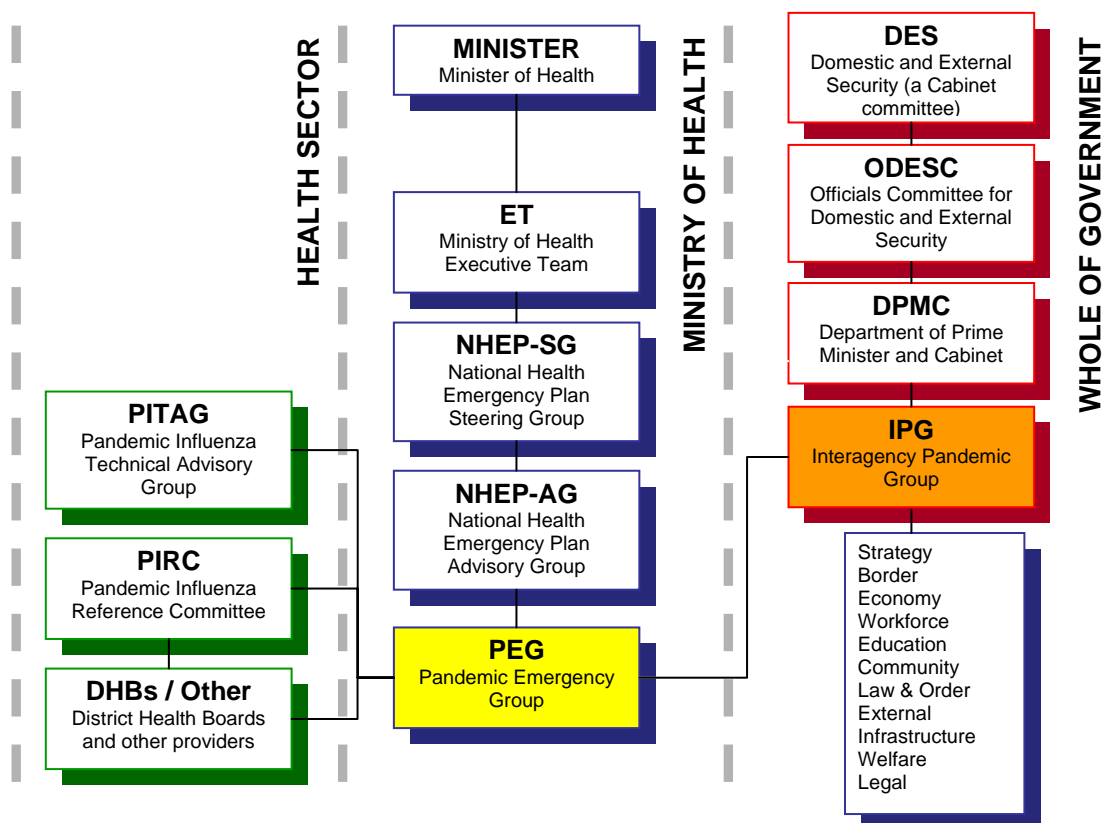
BACKGROUND

The World Health Organisation has warned that the current risk from Avian Influenza (“Bird Flu”) becoming the next human influenza pandemic is high.

New Zealand has been planning for an influenza pandemic for some time. The Ministry of Health is working with the health sector and a wide range of other government agencies to ensure New Zealand is as prepared as possible for a potential pandemic.

As shown in the following diagram, Ministry of Health has set up a government-wide Intersectoral Pandemic Group. A number of work streams have been formed under the Intersectoral Pandemic Group to plan for and minimise the impact of associated risks.

The Ministry of Economic Development is leading the work stream on infrastructure. The Infrastructure Work Stream aims to ensure that infrastructure providers are prepared for possible disruption to services due to staff shortages, or for possible unexpected increases in demand for infrastructure services.



Ministry of Health's *National Health Emergency Plan: Infectious Diseases* describes the way Ministry of Health and New Zealand's health services will function following a declaration of a national health-related emergency.¹ District Health Boards, along with Police, Fire and "lifeline utilities" are part of regionally-focused Civil Defence Emergency Management Groups. Civil Defence Emergency Management Group plans may be accessed through Regional Council/Unitary Authority websites.

The Ministry of Health advises that the potential impacts of an influenza pandemic in New Zealand include:

- Morbidity and mortality are unknown, but may be very high;
- Full community mobilisation needed - all government and many community agencies are likely to be involved in whole-of-society response;
- Health services may be unable to provide direct care (the orientation of health care may be to co-ordinate and support community mobilisation); and
- Very high staff absence rates may be likely, for some periods during the pandemic.

Once the epidemiology of the pandemic strain virus is known, Ministry of Health will customise policies and programmes in its strategy to address the particular virus. As at October 2005, the Ministry of Health's five-stage strategy is described as:

Overall Influenza Pandemic Management Strategy and Associated Actions

STAGE	NZ STRATEGY	MoH / DHB ALERT CODE	OBJECTIVE AND ACTION
1	Plan For It (Planning)	WHITE (Information / advisory)	<ul style="list-style-type: none"> • <u>Objective</u>: devise a plan to reduce the health, social and economic impact of a pandemic on New Zealand. • Full engagement of whole of government. • Consultation with and input from many agencies.
		YELLOW (Standby)	<ul style="list-style-type: none"> • Prepare to implement pandemic response action plans.
2	Keep It Out (Border Management)	RED ² (Activation)	<ul style="list-style-type: none"> • <u>Objective</u>: keep pandemic out of New Zealand. • Wide range of border management options, up to: <ul style="list-style-type: none"> - Closure of New Zealand's border to all non-nationals. - Quarantine of all returning New Zealand citizens. • Enhance internal disease surveillance and notification. • Investigate and follow up any suspect cases.

¹ New Zealand's response may be different from other countries due to our unique geographical position, particularly with respect to border management issues.

² The transition from Code White to Red could be quite quick (i.e. the Code Yellow phase could be short).

STAGE	NZ STRATEGY	MoH / DHB ALERT CODE	OBJECTIVE AND ACTION
3	Stamp It Out (Cluster Control)		<ul style="list-style-type: none"> • <u>Objective</u>: control and/or eliminate any clusters that might be found in New Zealand. • Isolate and treat patients and households. • Contact trace and treat all contacts. • Restrict movement into/out of affected area(s). • Close schools and other places where people congregate, and prohibit mass gatherings. • Maintain border management.
4	Manage It (Pandemic Management)		<ul style="list-style-type: none"> • <u>Objective</u>: to reduce the impact of pandemic influenza on New Zealand's population. • Health Service reconfiguration to support community response in affected areas. • Social distancing measures. • Support for people cared for at home, and their families.
5	Recover From It (Recovery)	GREEN (Stand down)	<ul style="list-style-type: none"> • <u>Objective</u>: expedite the recovery of population health where impacted by pandemic, pandemic management measures, or disruption to normal services. • Phase starts when the population is protected by vaccination, or the pandemic abates in New Zealand.

Moves from Code White (which is the stage in November 2005) to Yellow, and Yellow to Red (i.e. the escalation steps), and subsequently from Red to Green, will originate with Ministry of Health. Ministry of Health will put the notification on their website and notify their media contacts. Ministry of Economic Development will endeavour to keep infrastructure providers informed of these changes.

STRATEGIC CONTEXT

Emergency planning and preparation for a possible avian influenza pandemic contributes towards the Council's Safe City strategic priority.

ISSUES

Pandemic Planning within Waitakere City Council

A28-A59

Locally there has been a considerable amount of liaison between the Waitemata District Health Board Pandemic Planning Manager, Dr Jocelyn Peach, and Principal Health Officer, Dr Lanes Johnson, with Councils Chief Executive Officer and Manager, Emergency Management, for internal planning and joint co-ordination response purposes. This activity has now led to the development of a Pandemic Planning Guide for Council business continuity and emergency management purposes as attached at pages A28 to A59.

Elected Members will also be aware from publicity, of the likely consequences of any outbreak and the affect it would have on Council's ability to provide levels of essential services to the community. In a worst case scenario, planning would be based on having at least half of all staff being absent from work, either at home or through illness, and the added possibility that a number of staff will also die. While there is no guarantee when a pandemic will occur, the reality is that it will happen and the preparation being taken now ensures the event is well managed. The appendices to the Planning Guide give examples of various scenarios for pandemic response escalation.

Planning for burials is also undertaken. Provision for mass grave situations is underway regarding available space at both the Waikumete and Swanson cemeteries which will be required for regional as well as local purposes. Should mass burials be required, some cremations may be permitted.

In addition to local planning, the Manager Emergency Management is also the regions Civil Defence Emergency Management representative to the Ministry of Civil Defence Emergency Management for overall Civil Defence Emergency Management planning throughout the region. Primary responsibility for the management of a pandemic rests with the Ministry of Health as the lead authority. Any outbreak, however, would likely result in either a declaration of regional emergency and or a national emergency. Health would still manage the health response but the overall co-ordination would be under the umbrella of Civil Defence Emergency Management. The primary Civil Defence Emergency Management activities will be logistical support, transportation and communications, and local co-ordination would be conducted with the Waitemata District Health Board from our existing Emergency Operations Centre.

The level of planning and coordination undertaken to date has been quite extensive and appreciation of the scope of the likely affects upon Council is now well understood. One item that still has to be resolved is the provision of personal protection and cleaning equipment across Council. Without necessarily going overboard, there is a requirement to buy in stocks of some equipment as a contingency measure. To not do so would seriously compromise personal safety as there would not be a guarantee of stocks being available through panic buying in the event of an outbreak.

There is no vaccine currently available for an Avian Bird Influenza Pandemic. It will probably take about six months from outbreak to develop a vaccine in sufficient quantity for the population of New Zealand. Anti viral medication such as Tamiflu is available and may be of some help in reducing the influenza effects if taken early enough. Arrangements are in place for the provision of Tamiflu for essential staff and for staff who may become ill. All sectors of the community will be at risk but those living in the rural areas will be less so given their greater isolation and generally greater resilience in looking after themselves.

The Mayor has requested that an update be given to Council on preparations and planning to date by means of a presentation. It is planned that this presentation will take place early in the New Year in the form of a workshop for Elected Members.

CONCLUSION

The likelihood of a worldwide pandemic from Avian Bird Flu is more a matter of when not if. It will, however, have to mutate into a form where it is passed from human to human rather than the current bird to human form in order to reach major pandemic proportions. New Zealand by virtue of its isolation is in a good position to manage an outbreak and contain any consequences. Planning, however, has to be based upon a worst case scenario.

In the meantime, considerable work has already been undertaken at a local level between health authorities and Council staff for readiness and response purposes and will be ongoing. Waitakere City through the work already undertaken and the ongoing education of staff and management is well informed at this time and planning is well advanced.

RECOMMENDATION

That the Avian Bird Influenza Pandemic report be received.

Report prepared by: Bill Morley, Manager: Emergency Management Services.



12 RELATIONSHIPS POLICY AND GUIDELINES

PURPOSE OF THE REPORT

A60-A70

The purpose of this report is to present the final draft of the Relationships Policy and Guidelines for the Committee's approval. The final draft is attached at pages A60 to A70 and includes some modifications, including a proposed name change to "*Policy for Council Engagement in New Formal Relationships*".

BACKGROUND

The draft Relationships Policy and Guidelines is the outcome of a series of staff/councillor workshops initiated by Leisure Services. The purpose of the workshops was to establish a decision-making process for entering into significant Council projects, with particular regard to its relationships with Trusts, and recognising a number of concerns raised by Elected Members and senior management over the years.

Council has entered, and continues to enter into many significant relationships with other organisations for the purposes of delivering significant projects. Relationship types include Trusts, Memoranda of Understanding, Joint Ventures, Community Partnership Agreements and Consortia. Although the Council has a range of policies that guide its relationships with various entities (such as contractors providing goods and services, council-controlled organisations and public/private partnerships), there is no general policy or guide to assist the Council when determining whether and how it might form relationships with other entities. Nor is there any information to guide other parties when seeking to enter into a relationship with Council. In particular, there is no internal documentation that captures past learning from previous relationships where problems arose.

The draft Relationships Policy and Guidelines was developed with a view to comply with the Local Government Act 2002 decision-making requirements and are structured so as to provide the Council with a process to finalise and fully inform outstanding decisions and to make and fully inform new ones. The draft Relationships Policy and Guidelines is also designed as a tool for organisations wishing to enter into a formal relationship with Council and will be made publicly available for that purpose.

In particular, the draft Relationships Policy and Guidelines cover:

- Legislative compliance for decision-making.
- Best practice processes for evaluating projects (reflects six key steps identified by the Audit Office starting with strategic linkage through to project management, risk management and communications).
- Inclusion of or reference to best practice governance.
- Detailed but practical check lists for staff to complete at each stage of the decision-making process.
- All of the above reflect the key lessons that have been teased out of earlier discussions and workshops.

On 21 September 2005, the full Council approved the draft Relationships Policy and Guidelines and resolved that it be distributed to stakeholder organisations for comment and brought back to Council for final approval by December 2005.

STRATEGIC CONTEXT

The new Local Government Act 2002 regime provides a prescriptive listing of decision making steps that Council is required to follow. Compliance with the legislative requirements is fundamental for Council to avoid any potential challenge to its decision-making.

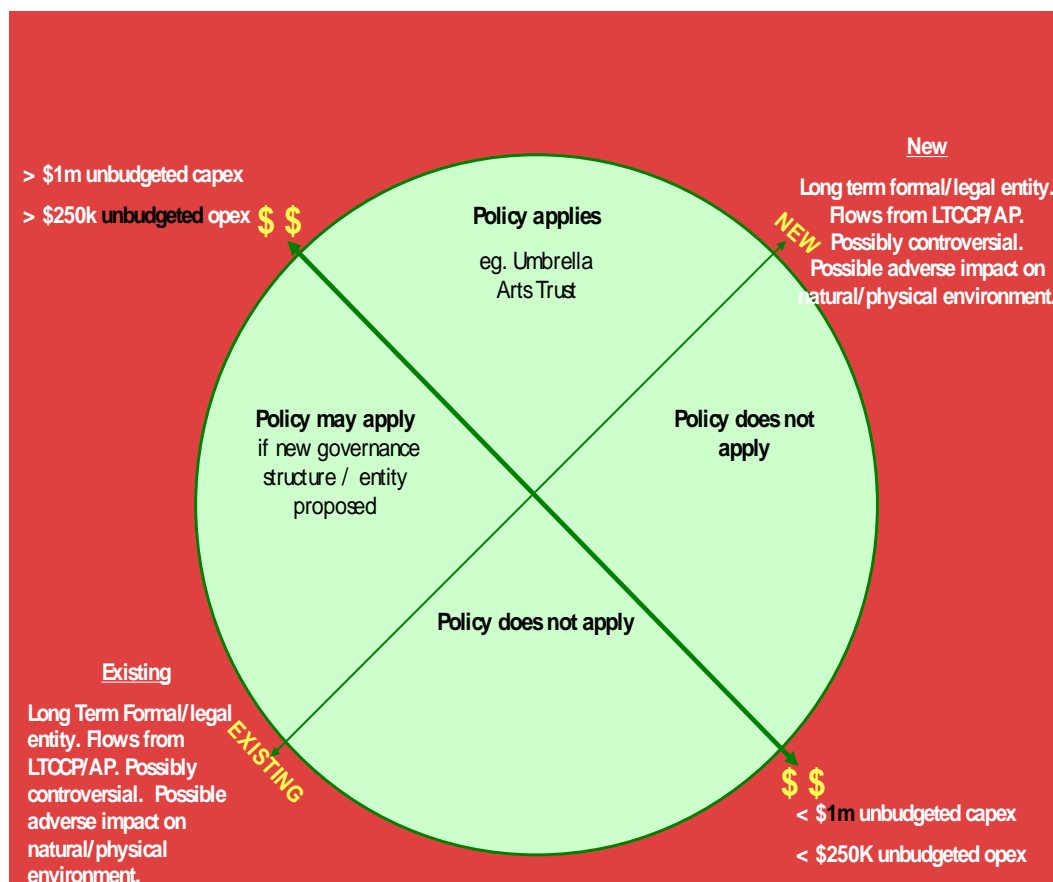
ISSUES

The draft Relationships Policy and Guidelines was further reviewed by the Council's Directors Group and discussed in a workshop with Council officers who manage some of the key relationships that Council has with other entities. Comment was also sought from key stakeholders, including a Trustee on the Board of Waitakere Trusts Stadium; members of the Lopdell House Development Trust; and the Director, Corban Arts Development Trust.

As a result of these discussions, the following changes were proposed:

1. Change the name of the Policy to "*Policy for Council Engagement in New Formal Relationships*." The purpose of the name change is to clearly reflect the situations where the Policy applies; i.e. when Council is deciding whether to enter into a formal relationship with another party that involves significant Council funding, an ongoing commitment from Council and where a new entity or governance structure is proposed.

2. The following diagram has been included in the Policy to illustrate the situations where the Policy applies:



3. To support the implementation of the Policy, a flowchart and checklist have been developed setting out a six-step process. Step one is designed to clarify the proposal and is to be completed by the party initiating the new relationship, whether it be Council staff or a party external to Council. Steps two-six are to be completed by Council officers.

RESOURCES

The draft Relationships Policy and Guidelines was developed with combined funding from Leisure Services and Strategy and Development 2004/2005 budgets.

CONCLUSION

The draft Relationships Policy and Guidelines is the outcome of a series of staff/Councillor workshops initiated by Leisure Services to establish a decision-making process for entering into significant Council projects, with particular regard to its relationships with Trusts.

The draft Relationships Policy and Guidelines is also designed as a tool for organisations wishing to enter into a formal relationship with Council and will be made publicly available for that purpose.

After further internal and external consultation some modifications have been made to the Policy, including a proposed name change to "*Policy for Council Engagement in New Formal Relationships*". A flowchart and checklist has been developed to support its implementation.

RECOMMENDATIONS

1. That the Relationships Policy and Guidelines Report be received.
2. That the Finance and Operational Performance Committee approves the final draft of the Relationship Policy, re-named "*Policy for Council Engagement in New Formal Relationships*", and the supporting flowchart and checklist.

Report prepared by: Annika Lane: Senior Analyst: Governance & Infrastructure.



13 INORGANIC COLLECTION

PURPOSE OF THE REPORT

The purpose of this report is to provide an opportunity for the Finance and Operational Performance Committee to recommend to the Long Term Council Community Plan Committee that the issue of inorganic collection frequency, specifically with the option of dropping it completely be addressed as part of the Long Term Council Community Plan process.

BACKGROUND

The inorganic collection generates a significant number of complaints. There are issues with the decline in amenity value of the streets, the volumes of rubbish put out and safety issues arising. These are discussed in more detail later in this report.

Council currently provides an inorganic collection once per year. This is covered under the shared services collection contract which is for a ten year period. However, in the case of the inorganic collection there is provision for a review after five years.

The contract also provides for the ability to determine where inorganic refuse is delivered to in the future. This would allow Council to deliver the materials to an alternative site to allow the recovery of materials. The Contractor has identified that during tender negotiations, should the inorganic collection services be terminated on notice, the additional costs to both councils (Waitakere and North Shore) would be incurred. By providing for this right of renewal after five years, Council's potential liability is reduced. However, as noted later in this report, initial discussions with the Contractor have indicated that this amount could be reduced to zero.

The first significant change in the frequency of the collection occurred in 1997 when the weekly collection was moved to twice per year. In 2002 Council resolved to move from twice per year to once per year. As community consultation was not compulsory at that time the main debate during these changes focused on the increased levels of illegal dumping and cost savings to Council.

STRATEGIC CONTEXT

Zero Waste to landfill by 2020 is one of Council's nine strategic platforms. The Long Term Council Community Plan vision for Solid Waste is that by 2020 Waitakere will be a clean and attractive city that turns all its waste into resources. The city has made good progress on waste minimisation with kerb side recycling, composting of green waste and the establishment of a re-use centre, education and cleaner production programmes. The inorganic collection provides some control to Council in order to achieve this strategic aim by collecting the refuse and providing further recycling at the transfer station.

ISSUES

Is a Frequency Change Feasible?

The current collection contract provides for a very competitive service and this has been made possible through the shared services agreement. The Contractor has been able to provide efficiencies by structuring the service delivery to integrate the service requirements of our shared services partners. Therefore any change in this frequency is likely to impact on this delicate balance by either requiring more collection infrastructure in the case of an increase in frequency or infrastructure redundancy in the case of a reduction. In either case it will cost Council more than the existing amounts contracted.

However, initial discussions with the Contractor indicate that if Council chose not to deliver the service and was able to get the shared services partners to agree then the Contractor will absorb some of the cost of redundant infrastructure themselves. The Contractor therefore has no issue with the option of exiting the service completely and indications are that the termination payment as noted in the background would be waived.

The Positive Impacts for no Inorganic Collection.

The positive impacts of no inorganic collection mirror the negative impacts of having the collection. These include.

- No unsightly clutter on the streets - resulting in loss of amenity.
- Inorganic disposal for right of way properties - the volumes generated by right of way properties create an issue of clutter on the street frontage which can spill out over driveways.
- Co-mingled waste - compliance with the inorganic composition does get breached. Sometimes it is difficult to establish who is responsible when multiple properties contribute to the same pile as a result of a single road frontage.
- Illegal dumping - many businesses and neighbouring city residents illegally dump their waste outside Waitakere residents' properties.
- Inorganic scavenging - whilst this may be addressed to some degree by the new bylaw, there is an issue with scavenging by members of the public and private businesses. This can create untidiness and result in additional clean-ups and a very negative visual impact. North Shore City has the same bylaw and it has not deterred the current level of professional inorganic scavengers currently causing havoc in North Shore collection areas.
- Little ability exists to control the volumes put out by each property.
- Safety issues - from inorganic waste spilling over onto footpaths and creating a hazardous route for pedestrians to the results of vandal damage particularly scattering broken glass. There have been a number of reported incidences in areas utilised by children walking to school.
- Illegal waste - instances of illegal waste being put out rather than being disposed of through appropriate mechanisms. It is very difficult to identify the responsible party.

The Negative Impacts of no Inorganic Collection

Increased dumping in parks and other areas - this is a perceived impact of not having an inorganic collection, with no alternatives, and indeed was also an issue considered when the collection frequency was reduced from weekly. However significant increases are not supported by evidence. Already there are dumpings in parks and other places such as the Waitakere Ranges. However the introduction of the bylaw and Council's lobbying for review of the Litter Act 1979 should put some deterrent on this practise.

Alternatives to the Current Council Inorganic Collection

Financial Considerations

Impact of dropping the inorganic collection

Cost savings		
Gross cost for collection and processing		\$540,421
Less sales from recoveries from waste stream (metals)		(\$139,224)
Net cost of collection & processing saved		\$401,197
Additional cost		
Cost of additional illegal dumping		
Tonnes	500	
Contractor collection cost	\$130.00	
Processing cost	\$55.00	
Total additional illegal dumping cost		\$92,500
Contract cancellation cost		\$nil
Total net savings		\$308,697

Alternatives include:

- **Free Refuse Transfer Station Passes**

Council's previous experience with free passes resulted in counterfeits and these free passes being purchased, sold and traded. As a result the Council experienced free pass redemption exceeding 100%. On the basis of 100% redemption the financial cost to Council would be \$1.86 million per annum (assuming 62,000 passes valued at \$30 each). This alternative is not consistent with either user pays or zero waste principles and could only be available to ratepayers and vehicle drivers.

- **User Pays Collection Service**

An 0900 telephone service can be set up whereby residents can phone to have inorganic waste collected from inside their property. Residents would receive mail notification of the day of the collection. This could be 100% user pays, of which the contractor would carry all service liability and having a likely cost to the caller of approximately \$60, depending on volumes collected (although no detailed costings have been arrived at yet).

If this service is subsidised then the resulting cost should be at least \$30 so as to not undercut the cost of bringing a trailer through the Transfer Station.

- **Partial User Pays**

This would be the same as User Pays but subsidised by Council to an agreed figure. Council would carry service and financial liability and residents would be restricted to volumes and one to two collections per annum. Council collects the funds and pays the Contractor directly. Council can nominate the size of fund for this service per annum with the balance of cost dictating the automated 0900 charge per call.

Impacts on the Ratepayer

The portion of residents that uses the service is estimated to be 60%. As this service is currently rates funded it is not consistent with a user pays principle.

The rates reduction as a result of dropping this service is only around \$4 savings on the average rate. This will reduce further if any of the savings is used to subsidise an alternative service. If the inorganic collection is stopped then for those that don't use the service the benefit will be this rates reduction.

If the inorganic collection is stopped and a user pays option is initiated the impact on those that want to continue with having a pick up service or even delivering it to the transfer station themselves will be a much higher cost than the \$4 paid in their rates.

The ratepayer will expect a reduction in rates if this service is reduced. An impact on the general rate is unlikely to be noticed as there will be other Council services contributing to an increase. In order for this to be acceptable from a ratepayer perspective a reduction could be made from the Uniform Annual Charge. A reduction in this rate can be justified and would vindicate a decision to drop the inorganic collection from a ratepayer perspective.

For the ratepayer, if the inorganic collection is stopped then an alternative service would be more expensive as economies of scale would no longer be available. This would have to be considered as the price for the trade off to retain the street amenity and street safety during the pick up period.

QBL		Inorganic Collection as Current		Inorganic Collection Through a 0900 Service		No Inorganic Collection
Environmental	+	Recycling occurs either through scavengers or at transfer cycling	+	Recycling undertaken at transfer station	-	Small organic material placed in grey bags and land-filled (recycling opportunities missed)
	-	Unightly neighbourhoods during collection periods			-	Possible increase in illegal dumping

QBL		Inorganic Collection as Current		Inorganic Collection Through a 0900 Service		No Inorganic Collection
Economic	+	Very cost effective service for those that partake.	-	More expensive to users than current to dispose of inorganics	-	More expensive to users than current to dispose of inorganics
	-	All ratepayers pay for those commercial companies and others who abuse the system	+	No "free riders" e.g. commercial companies dumping	-	Increased cost to ratepayer for possible illegal dumping increase
	-	No control over volumes so inequities between those that put out some rubbish, those that put out lots and those that don't, whereas everyone pays	+	Limit volumes put out by people which ensures equity of payment		
Social	-	Hazards and safety risks mainly due to actions of vandals and scavengers	+	Minimises any safety risks by ensuring the inorganics are placed on the person's property with a set pick up time	-	May cause some stockpiling of inorganic waste in peoples homes
			+	No scavengers	+	No scavengers
			-	Can disadvantage poorer persons	+	Less risk of bikes and lawnmowers "taken" by scavengers
					-	May disadvantage some persons who do not have access to trailers or other transportation to take inorganics to the transfer station
Cultural					-	Limits opportunities to utilise recycling and "number 8" wire which is part of the New Zealand culture

Inorganic Collection in other Territorial Local Authorities

At the recent Auckland Waste Managers Forum it was disclosed that North Shore and Papakura Councils were considering terminating their services whilst Auckland and Manukau Councils were considering inorganic property pick up services. All Councils have problems with this service, mainly the illegal dumping and unsightliness of the collection. All expressed an interest and desire to further investigate and advance the 0900 collection service proposed by Waitakere.

Cities in other countries have dealt with the inorganic collection in other ways. In Australia there are community groups organising second-hand Sunday's, similar to flea markets operating in New Zealand.

RESOURCES

The above budget for the once per year inorganic collection is included in the 2005/2006 Annual Plan. The current draft Long Term Council Community Plan financial data reflects a similar figure. A move to drop this service will not have an impact beyond this cost. It is assumed that an alternative service will not be subsidised beyond the savings generated through the contract.

CONCLUSION

There are a number of negative impacts arising from the inorganic collection. These must be weighed up against the relatively low-cost of the present service for the ratepayer.

The dropping of the inorganic collection is a viable proposition both financially for Council and practically from the Contractor's position. If such a move was supported the option of an 0900 service could be considered to ensure that those citizens without the means to transport their inorganic rubbish to the transfer station have a viable alternative. Council has an option to subsidise this service.

RECOMMENDATIONS

1. That the Inorganic Collection report be received.
2. That a recommendation be made to the Long Term Community Council Plan Committee that the option of replacing the inorganic collection with an 0900 service be included for consultation.

Report prepared by: Stephen Drumm, Group Manager: Service Management, Jon Roscoe, Manager: Solid Waste and Carol Bergquist: Senior Analyst Environmental.



14 DECORATIONS OF GRAVES AT WAIKUMETE CEMETERY

PURPOSE OF THE REPORT

A71-A74

The purpose of this report is to gain approval to commence with a programme to enforce the Grave Decoration guidelines, developed during a public consultation process in 1997 (as attached at pages A71 to A74).

BACKGROUND

In 1997 Waitakere City Council and community representatives developed conditions and guidelines for grave decorations at Waikumete Cemetery. These guidelines were developed in the interests of all users of the Cemetery. They provide a working set of standards to meet the needs of both the community and the operational needs of the staff and provide the basis for people to decorate grave plots with either a "framed plot" or a "planted plot".

The guidelines stipulate the following:

The approved frames come in both small and large, and can be constructed of either galvanised metal frames or wooden picket frames. Small frames (600mm long, 1,000mm wide, 300mm high) only are permitted in low headstone areas, whereas large frames (2,000mm long, 700mm wide, 300mm high) may be used in either low or high headstone area. All frames must remain temporary, and must remain in good conditions.

Planted plots can only contain natural plants, and although they do not have to be framed, the planting area can not be larger than the frame size allowed for both high and low headstone areas. All plants must be planted in containers set at ground level, and must not be more than 300mm high.

Further guidelines for decoration include no concreting, stones, sand, pumice or bark on any plot, and all artificial decorations on a plot must be enclosed by an approved frame.

Applications must be made on the "Application to Decorate or Plant a Grave Plot" form, and approval be granted prior to commencement. The person making the application is responsible for keeping the plot, frame, decorations and/or plants neat and tidy. Any plot that is unregistered and which has plants or decorations on the plot, frames or structures that are not standard approved, or do not meet with the guidelines, will be removed and put into storage for collection.

STRATEGIC CONTEXT

The Council has nine strategic platforms in its Long Term Council Community Plan. The Urban and Rural Villages platform, aims to;

"Protect and celebrate the City's cultural diversity and heritage. Work in partnership with the many cultures of the city. Plan for the protection and celebration of all kinds of heritage in the City - e.g. Maori, industrial and environmental."

The Council developed guidelines on grave decoration in conjunction with the Pacific Islands and other interested communities, in order to ensure that the interests of all members of the community were taken into account.

ISSUES

For approximately the past five years, these guidelines have not been monitored, and as a result there are a large number of plots which are in breach of the guidelines.

- Significant Occupational Safety & Health issues have arisen as a result of these breaches, where cemetery staff have experienced a cave in whilst digging a grave as a result of heavy items on adjacent graves. This includes items such as very large steel frames, concrete bases, pebble covering (up to 200mm) over grave area.
- Difficulty and additional time requirements for preparation of adjacent plots, including restricted access resulting in hand digging, and/or removal and replacement of decorations in order to prepare adjacent graves.
- Decorations encroaching upon adjacent graves causing extreme grief to families and loved ones. Recently there have been two families who expressed their concerns, which have reached such a point that they would like to disinter their loved ones, and rebury them elsewhere.
- Decoration of plots prior to allowing the burial site to settle, and the levelling off process to be completed. This results in sunken areas, which look untidy, and cause difficulties in up keeping lawns and maintenance of grave areas.

Should approval be granted to reinforce these guidelines, the following steps would be implemented, similar to those implemented as a result of the consultation during 1997.

January 2006

- Notification in local newspapers, and signage in relevant areas of the cemetery, indicating that all plots with frames, plants and/or decorations must meet the guidelines, and be registered prior to the end of February 2006.
- A letter be forwarded to Pacific Islands churches advising them of the proposed actions to be taken.
- A letter be forwarded to any known addresses of next of kin of plots which breach the guidelines or remain unregistered.

March 2006

- Any adornments on plots which breach guidelines be removed during March 2006 by Waikumete Cemetery staff or their agents, and be stored for a period of one year, awaiting collection. One month prior to the expiry of this storage time, that a further notice be placed in the local paper to serve as a reminder.
- Permanent signage outlining the requirement for application and approval prior to any grave adornments being placed on plots, and advising the process of the removal and storage of these items for collection.

RESOURCES

There may be a need for additional resources to remove structures and decorations remaining after February 2006. This will include both removal and storage of said items.

Additional resource requirements will be reported back to this Committee once they are known.

CONCLUSION

It is expected that this process may cause some concern to some members of the community, and bring to the surface some issues which were considered and negotiated during the consultation process. However, as the guidelines were developed through a transparent process, it is recommended that the approval be given to reinforce these guidelines following the process defined above.

RECOMMENDATIONS

1. That the Decorations of Graves report be received.
2. That the process outlined in the Agenda to enforce the guidelines for grave decorations, developed as a result of a public consultation process, be approved.

Report prepared by: Tina Hemsworth, Business Analyst.



15 COMMUNITY ACCOMMODATION ASSISTANCE FUND ALLOCATION 2005/2006

PURPOSE OF THE REPORT

The purpose of this report is to provide the Finance and Operational Performance Committee with the information they require to allocate funding from the Community Accommodation Assistance Fund for the 2005/2006 funding round.

BACKGROUND

The Council's rates remissions policy allows for support to sports, community groups and not for profit organisations under the Rating Powers Act 1988. The rates remissions policy expired after five years at the end of June 2004, and the Council needed to consider whether or not to continue the rates remission policy under the provisions of the new Local Government (Rating) Act 2002. The Council noted that the rates remission policy was inequitable in providing accommodation assistance as the groups renting/leasing property were not eligible for such assistance, and acknowledged that this anomaly needed to be rectified by introducing an assistance system that would be more inclusive than rates remissions.

At the meeting held on 1 March 2005, the Long Term Council Community Plan and Annual Plan Special Committee considered the staff report Draft Grants Policy - Community Accommodation Assistance Fund (to support sports and community groups and not-for-profit organisations), and resolved:

- “1. That the draft Grants Policy - Community Accommodation Assistance Fund (To Support Sports and Community Groups and Not-For-Profit Organisations), in lieu of rates remission, as attached at pages 86 to 88 to the Agenda report be adopted for consultation during the draft Annual Plan 2005/2006 process.
2. That a sum of \$33,000 be provided in the draft Annual Plan 2005/2006 for the Community Accommodation Assistance Fund.

3. *That a sum of \$1,000 be provided for in the draft Annual Plan 2005/2006 for meeting the administration expenses of the Community Accommodation Assistance Fund.*
4. *That the powers to authorise the grants payments from the Community Accommodation Assistance Fund be delegated to the Finance and Operational Performance Committee.*
5. *That a review of the Grants Policy - Community Accommodation Assistance Fund (in particular the fund size, the validity period and the amounts granted per application) be undertaken after one year."*

401/2005

The first round of the Community Accommodation Assistance Fund closed on 30 September 2005 and this report details some of the issues that have arisen.

STRATEGIC CONTEXT

The social, environmental and cultural wellbeing of the present and future communities is a major strategic goal of the Council. The Council has identified "Strong Communities" as a major strategic platform that addresses how the Council supports the health and wellbeing of the City's residents. The Council recognises that in addition to the services directly provided by the Council, the activities undertaken by community groups, not-for-profit organisations and individual property owners also make a valuable contribution to the community outcomes and the strategic outcomes pursued by the Council. Where these activities provide wider social benefits, and are not undertaken for commercial gain, the Council provides a range of assistance to these groups.

ISSUES

The first round of the Community Accommodation Assistance Fund closed on 30 September 2005. All community organisations who have historically qualified for rates remissions were identified and posted an application form and set of guidelines, this was followed up with a phone call to remind them of the closing date of the fund. Out of the 32 organisations that previously have received rates remissions 27 of them applied to the fund during this round. It is hoped that the remaining five community groups that did not apply will become aware of the changes from automatic rates remissions to a contestable fund and be picked up next financial year.

Advertising was placed in the Western Leader and in the Waitakere City News to capture those organisations who were not eligible for rates remissions in the past but fit the new criteria of the Community Accommodation Assistance Fund.

In total 38 applications were received, of which six applications were ineligible as they did not fit the criteria. It is believed that over the next few years with promotion through workshops run by the Community Assistance Facilitator there is likely to be more community groups that fit into the new criteria and as such will be eligible for funding.

On reviewing the applications received, it is clear that there is some misunderstanding of the policy, mostly in the area of what the fund covers and how much can be applied for. Therefore, to clarify and make it easier for subsequent year's applicants, a number of small changes in wording will need to be made. An agenda report on these issues will be put to the Finance and Operational Performance Committee at a later stage.

The total amount of eligible applications is \$49,332.36 with an amount of \$33,000 set aside in the Annual Plan. As this was the first round of the Community Accommodation Assistance Fund it was not clear as to how much funding should be set aside in the Annual Plan to meet the needs of the new criteria. The following resolution was passed by Council in its final deliberations on the Annual Plan funding:

- “1. That the information contained in the report on the submissions on the draft Grants Policy - Community Accommodation Assistance Fund (To Support Sports and Community Groups and Not-For-Profit organisations) be received.
2. That after consideration of the submissions and staff comments, Council adopt the draft Grants Policy - Community Accommodation Assistance Fund (To Support Sports and Community Groups and Not- For- Profit organisations) with effect from 1 July 2005.
3. That the assessment of the applications received under the draft Grants Policy and the details of any additional funding that may be required be considered by the Finance and Operational Performance Committee.”

1216/2005

As a result of this last resolution an application was made to the Finance and Operational Performance Committee for additional funding to meet the shortfall. The additional amount was sought from Annual Plan savings from the 2004/2005 year and approved subject to Council ratification. The following was confirmed at the Council meeting of 16 November 2005:

“That Council endorses the recommendation of the Finance and Operational Performance Committee for the following additional matter to be included within the expenditure for the Year Ended 30 June 2006: Community Assistance Fund - \$18,000.”

2250/2005

Each application has been checked for eligibility and rated against the criteria as set out in the policy. The recommended amount for each applicant is:

Group Name	Project Summary	Eligible amount	Amount allocated
Ace Space - Waitakere Learning Shop Inc	Shop 4/12 Railside	\$1,073.82	\$1,073.82
Adventure Camp Trust Board	397 Henderson Valley Road	\$1,610.00	\$1,610.00
Adventure Specialties Trust	1/4 Winston Place	\$1,121.00	\$1,121.00
Antara Association Inc	66 Taikata Road	\$695.77	\$695.77
Auckland/Waitako Fish & Game Council	147 Bethells Road	\$211.00	\$211.00
Dutch Village Trust	36 McLeod Road	N/E	\$0.00
Green Bay Ratepayer & Residents Assn Inc	229 Portage Road	\$1,087.00	\$1,087.00
Guides Auckland	Otimai Guides Camp	\$1,222.00	\$1,222.00
Hobsonville Hall Society	397 Hobsonville Road	\$1,710.00	\$1,710.00
Huia-Cornwallis Ratepayers and Residents Assn. Inc	1253 Huia Road	\$429.00	\$429.00
International Org of Iranian Refugees	5a Margate Road	N/E	\$0.00
Karekare Surf Lifesaving Patrol Inc	34 Watchmans Road	\$855.00	\$855.00

Group Name	Project Summary	Eligible amount	Amount allocated
Man Alive Incorporated	9 & 11 Edmonton Road	\$2,629.00	\$2,629.00
Massey & Birdwood Settlers Assoc Inc	2 Redhills Road	\$1,230.00	\$1,230.00
New Lynn Sea Scout Group	37 Margan Ave	\$858.41	\$858.41
New Lynn Social Club	3009 Great North Road	\$1,423.00	\$1,423.00
Piha Community Centre Society	2 North Piha Road	\$925.00	\$925.00
Piha Surf Life Saving Club Inc	23 Marine Parade South	\$1,254.00	\$1,254.00
Roman Catholic Bishop of Auckland	Knock na Gree	\$2,120.00	\$2,120.00
Somali Concern Refugee & Migrant Organisation	2a Alston Avenue	\$676.00	\$676.00
Suburbs New Lynn Cricket Club Inc	Ken Maunder Park	N/E	\$0.00
Sunnyvale Ratepayers & Residents Association Inc	18 Sunnyside Road	\$750.00	\$750.00
The Boys' Brigade - Northern Regional Trust	64 Glenesk Road	\$1,150.00	\$1,150.00
The Huia Fishing Club Inc	48 Foster Bay Road	\$685.00	\$685.00
The Salvation Army	7-9 View Road	\$2,284.00	\$2,284.00
The Salvation Army	3 Railside Avenue	\$985.00	\$985.00
The Scout Association of NZ - Auckland Area	90 Connaught Street	\$5,331.12	\$5,331.12
Titirangi Air Scout Group	209 Atkinson Road	\$871.00	\$871.00
Titirangi Country Womens Institute	337 Titirangi Road	\$1,134.00	\$1,134.00
Toughlove Massey	385 Don Buck	N/E	\$0.00
United North Piha Lifeguard Services Inc	4 North Piha Road	\$855.00	\$855.00
Waitakere Central Community Arts Council	426 Great North Road	N/E	\$0.00
Waitakere Workers' Educational Assn Inc	9 Henderson Valley Road	\$749.00	\$749.00
Waitemata Rugby Union Football & Sports Club Inc	96 Swanson Road	\$4,518.00	\$4,518.00
WALSH Trust Board Inc	8 Hickory Avenue	\$737.00	\$737.00
Western Refugee Society Incorporated	401a Great North Road	\$2,814.00	\$2,814.00
West Lynn Garden Society	73 Parker Ave	\$5,339.24	\$5,339.24
White Cloud Choir	3063 Great North Road	N/E	\$0.00
		\$49,332.36	\$49,332.36

RESOURCES

There are no additional financial or staffing requirements to allocate this fund. The Community Assistance Facilitator administers the process.

CONCLUSION

32 eligible applications were received for the Community Accommodation Assistance Fund. The total amount requested was \$49,332.36 with an amount allocated through the Annual Plan of \$33,000. Under the resolution that provided for this fund there was the provision to reconsider the amount of \$33,000 in light of the applications received. At the Council meeting of 16 November 2005 an additional amount of \$18,000 was provided to meet the shortfall.

It is clear that all eligible applicants from the previous rates remissions have not as yet understood that they need to apply for funding and there is an expectation that many more eligible applicants who have not in the past qualified for rates remissions are likely to come forward in years to come as a result of an awareness of this fund.

Also as this is the first round of the Community Accommodation Assistance Fund some minor amendments to the policy may be required to assist community groups to more fully understand the intent of the fund as there was some evidence of confusion. A report will be provided to the Finance and Operational Performance Committee to make these recommended changes for the next financial year.

RECOMMENDATIONS

1. That the Community Accommodation Assistance Fund Allocation 2005/2006 report be received.
2. That the Finance and Operational Performance Committee allocate funding for the Community Accommodation Assistance Fund Allocation 2005/2006 as outlined in the Agenda report and the following recommended amounts:

Group Name	Project Summary	Eligible amount	Amount allocated
Ace Space - Waitakere Learning Shop Inc	Shop 4/12 Railside	\$1,073.82	\$1,073.82
Adventure Camp Trust Board	397 Henderson Valley Road	\$1,610.00	\$1,610.00
Adventure Specialties Trust	1/4 Winston Place	\$1,121.00	\$1,121.00
Antara Association Inc	66 Taikata Road	\$695.77	\$695.77
Auckland/Waitako Fish & Game Council	147 Bethells Road	\$211.00	\$211.00
Dutch Village Trust	36 McLeod Road	N/E	\$0.00
Green Bay Ratepayer & Residents Assn Inc	229 Portage Road	\$1,087.00	\$1,087.00
Guides Auckland	Otimai Guides Camp	\$1,222.00	\$1,222.00
Hobsonville Hall Society	397 Hobsonville Road	\$1,710.00	\$1,710.00
Huia-Cornwallis Ratepayers and Residents Assn. Inc	1253 Huia Road	\$429.00	\$429.00
International Org of Iranian Refugees	5a Margate Road	N/E	\$0.00

Group Name	Project Summary	Eligible amount	Amount allocated
Karekare Surf Lifesaving Patrol Inc	34 Watchmans Road	\$855.00	\$855.00
Man Alive Incorporated	9 & 11 Edmonton Road	\$2,629.00	\$2,629.00
Massey & Birdwood Settlers Assoc Inc	2 Redhills Road	\$1,230.00	\$1,230.00
New Lynn Sea Scout Group	37 Margan Avenue	\$858.41	\$858.41
New Lynn Social Club	3009 Great North Road	\$1,423.00	\$1,423.00
Piha Community Centre Society	2 North Piha Road	\$925.00	\$925.00
Piha Surf Life Saving Club Inc	23 Marine Parade South	\$1,254.00	\$1,254.00
Roman Catholic Bishop of Auckland	Knock na Gree	\$2,120.00	\$2,120.00
Somali Concern Refugee & Migrant Organisation	2a Alston Avenue	\$676.00	\$676.00
Suburbs New Lynn Cricket Club Inc	Ken Maunder Park	N/E	\$0.00
Sunnyvale Ratepayers & Residents Association Inc	18 Sunnyside Road	\$750.00	\$750.00
The Boys' Brigade - Northern Regional Trust	64 Glenesk Road	\$1,150.00	\$1,150.00
The Huia Fishing Club Inc	48 Foster Bay Road	\$685.00	\$685.00
The Salvation Army	7-9 View Road	\$2,284.00	\$2,284.00
The Salvation Army	3 Railside Avenue	\$985.00	\$985.00
The Scout Association of NZ - Auckland Area	90 Connaught Street	\$5,331.12	\$5,331.12
Titirangi Air Scout Group	209 Atkinson Road	\$871.00	\$871.00
Titirangi Country Womens Institute	337 Titirangi Road	\$1,134.00	\$1,134.00
Toughlove Massey	385 Don Buck	N/E	\$0.00
United North Piha Lifeguard Services Inc	4 North Piha Road	\$855.00	\$855.00
Waitakere Central Community Arts Council	426 Great North Road	N/E	\$0.00
Waitakere Workers' Educational Assn Inc	9 Henderson Valley Road	\$749.00	\$749.00
Waitemata Rugby Union Football & Sports Club Inc	96 Swanson Road	\$4,518.00	\$4,518.00
WALSH Trust Board Inc	8 Hickory Avenue	\$737.00	\$737.00
Western Refuge Society Incorporated	401a Great North Road	\$2,814.00	\$2,814.00
West Lynn Garden Society	73 Parker Avenue	\$5,339.24	\$5,339.24
White Cloud Choir	3063 Great North Road	N/E	\$0.00
		\$49,332.36	\$49,332.36

3. That a report on recommended amendments to the Community Accommodation Assistance Fund Policy be brought back to the Finance and Operational Performance Committee.

Report prepared by: Jan Brown, Community Assistance Facilitator.



16 **THE LOPDELL HOUSE SOCIETY - GOVERNANCE REVIEW**

PURPOSE OF REPORT

The purpose of this report is to update the Committee on the outcome of the Lopdell House Society Governance Review and to seek the Committee's approval for a recommended course of action.

BACKGROUND

Lopdell House Gallery in Titirangi has been a significant arts and cultural institution in the City for some 20 years. The gallery and associated space is run by the Lopdell House Society (the Society), which is elected by its members annually. The Council has two representatives on that Committee, Councillor Lawley and Councillor Booth.

The Society is the major tenant of Lopdell House and receives an annual operating grant of \$325,000 per annum from Council. Of this, \$82,000 is paid back to Council as rent.

During the 2003 Annual Plan and Long Term Council Community Plan process, the Society was recommended for three-year funding, and the 2005/2006 budget is the third year of this arrangement. At the time that the funding was approved neither the Society nor Council officers were aware of staffing and other operational issues, including rent arrears, which arose in part as a result of a change to Council procedures in 2004.

In June 2005, in response to a review of the situation by the Director: Quality Assurance, the Long Term Council Community Plan and Annual Plan Special Committee resolved to deduct the Society's rent arrears from its quarterly grants, to increase the level of financial reporting from a six-monthly to a quarterly basis, and to require an independent governance review of the Society.

In October 2005, when it was revealed that the Society was in financial difficulties, and after considering the Society's financial situation, the Finance and Operational Performance Committee resolved:

- “2. That Council provide an increase to the Lopdell House Society's operating grant of \$80,000 for the 2005/2006 financial year, and as a condition of the increased operating grant, the Lopdell House Society provides monthly financial reports to Council officers, and quarterly financial reports to the Council's Finance and Operational Performance Committee and that the source of funds be confirmed at the November 2005 meeting of the Finance and Operational Performance Committee.
3. That Council pay the operating grant to the Lopdell House Society at the beginning of each quarter subject to the satisfaction of the Director: Finance and the Director: Quality Assurance.

4. *That Council recover the rent arrears from the Lopdell House Society over eight years, by way of a \$2,250 deduction from quarterly payments but the amount and frequency of payments be reviewed through the Annual Plan process.*
5. *That Council approve the Lopdell House Society proposed governance review programme.*
6. *That a further report be brought back to the Finance and Operational Performance Committee upon completion of the Lopdell House Society governance review.”*

2007/2005

The Society's Director has now resigned and will be leaving at the end of December 2005. The Society's Management Committee is in the process of establishing an interim staffing structure and revising the job description for the new Director.

Boardworks International was contracted to assist council officers to undertake a governance review. The governance review programme included a Boardworks International analysis of all governance documentation, Council Officer interviews with members of the Society's Management Committee and the preparation of a report identifying key issues and possible solutions.

A75-A86

Boardworks International prepared a governance review report, (the Boardworks Report) including a summary of interview findings to assist in the development of this Agenda Report. The Boardworks Report is attached at pages A75 to A86.

STRATEGIC CONTEXT

Both Lopdell House Gallery and the Corban Estate Arts Centre are identified in the Arts and Cultural Strategy as arts precincts needing short to medium-term development.

The Long Term Council Community Plan also refers to the provision of 'flourishing arts precincts', with Titirangi identified as one of these.

Lopdell House contributes significantly to the creation of a thriving and vibrant town centre. The enhancement of wellbeing is the provision of a rich and diverse activity for members of the community creating a sense of identity to help build strong communities and contributing to the Lifelong Learning strategic priority of the Council.

In addition, the Local Government Act 2002 now requires Councils to promote the cultural wellbeing of their communities.

ISSUES

Best Practice Governance Principles

The Boardworks Report identifies six best practice governance principles. These are:

1. All organisational processes (including governance) must be internally aligned and expressed consistently to external parties.
2. The governance structure should be merit or skills-based and not a 'random' process.
3. That the governing Committee should be clearly accountable to the Society's 'owners'.

4. That in the governance structure and processes there should be a clear distinction between the 'direction giving' leadership role of governance and the operational responsibilities of management.
5. That both Committee members and management should be in a position which allows them to be held accountable for the highest possible standards of performance in their respective (but complementary) roles.
6. That the structure be kept as simple as possible and relevant to the resources and stage of development of the organisation.

The above principles provide a backdrop for summarising the governance review findings.

Summary of Findings

For the purposes of this Agenda Report and for easier analysis and identification of options, the governance review findings are grouped below into five main subject areas. These are: governance structure; strategic leadership; committee functionality and meetings; organisational issues; and Council's role.

Governance Structure

A Management Committee may not be the appropriate form of governance for the Society. The term "Management Committee" implies that its members should act as managers, inevitably resulting in the Management Committee crossing the line between governance and management. There are no job descriptions or required competencies or skills required of the Management Committee members. There are no governance policies or protocols to guide the Management Committee. An example of the confusion of roles and responsibilities is the Society's monitoring of its financial position. There is no documented appointment of a Treasurer, so it is not clear where the responsibility for the financial performance of the Society lies.

A direct result of this structure is that the election process becomes random rather than merit or skills-based. Society members have no criteria on which to base their election decisions, inevitably limiting the engagement of members with the Society. The limited engagement with its members was demonstrated at the Society's 2005 Annual General Meeting, which resulted in what was effectively a coup, where three existing Management Committee members were replaced with three single-issue members who have all since resigned.

The size of the Management Committee (minimum of eight, maximum of 11) is too large relative to the size and budget of the organisation.

Strategic Leadership

Although there is strong individual commitment, passion and enthusiasm, it is clear that Management Committee members do not have an agreed strategic direction for the Society other than the development of the building through the work of the Lopdell House Development Trust and the Society's role within that.

There is a one and five year goals and objectives paper, but no evidence of any strategic direction-setting. Without an agreed strategic direction (internal alignment) it is impossible to expect the Society to continue to express itself and to demonstrate a strong performance to external parties. This has major implications for the Society's ability to access sources of revenue other than Council.

Committee Functionality and Meetings

The documentation review has identified that the documentation for the Society is inadequate. The Management Committee Minutes don't record many aspects of Management Committee meetings, such as major decisions or events. For example there is no record of the previous Director's departure and no reference to the growing financial difficulties. There is no record of the Titirangi Community Arts Council attendance at two Management Committee meetings per year, which is required by the Deed Agreement between the two organisations. Without proper record-keeping it is impossible to track key decisions, or to ensure that the Society is held accountable to its "owners".

Organisational Issues - Committee/Staff Relationships

An inevitable consequence of a poorly defined governance structure, the lack of governance protocols and policies to guide the Management Committee members and no clear roles and responsibilities, is that Management Committee members are likely to cross the line between governance and operational responsibilities.

It is clear from the interview process and from the review of the minutes that the Management Committee members have spent far too much time dealing with operational matters, including staffing issues and thereby crossing over into the Director's realm of authority.

However, it is also clear from the interview process and the Gallery's performance, that the outgoing Director, together with the Management Committee, has improved the Society's situation considerably in the past 12 months by getting to the root of the financial situation, improving staff reporting and improving the Gallery's appearance and atmosphere. The recent Portage Ceramics Awards evening was an outstanding success.

Yet, the loss of two Directors within approximately 15 months suggests that unless the organisational and governance structures are considerably improved, the Society will continue to experience difficulties, regardless of the calibre of any new Director.

Council's Role

The Council is the Society's primary funder and it owns the Lopdell House Building. Lopdell House Gallery is identified in the Council's Arts and Cultural Strategy as an arts precinct needing short to medium-term development. The Long Term Council Community Plan also refers to the provision of 'flourishing arts precincts', with Titirangi identified as one of these.

The Council, therefore, has a vested interest in the Gallery's future development, and the Society's success. This is evidenced by the appointment of two Councillors to the Management Committee and by the provision of staff liaison support through the Council's Manager: Arts. Council's contract with the Society stipulates key performance indicators, which demonstrates Council's keen interest to ensure that the Society delivers outcomes in accordance with the Council's Arts & Cultural Strategy and Long Term Council Community Plan.

The Boardworks Report suggests that, given the significant changes within the local government sector since the Society was formed 20 years ago, it might be time to reconsider the extent to which the Council is directly involved in the governance of the Society. One of the issues for consideration is the expectation of financial underwriting and wider liability for the affairs of the Society.

The extent of Council's role needs to be considered in the context of the Council's strategic goals, and its long-standing commitment to collaboration, partnerships and the "Waitakere Way". Any options for moving forward should endeavour to strike a balance between Council's strategic objectives and partnering tradition and the need to limit any financial and legal liability that might be attributed to Council.

Boardworks Report Recommendations

The Boardworks Report recommendations are as follows:

- That the existing Management Committee be replaced by a 'Governance' Committee consisting of no more than five members.
- That the title of Director be replaced using the title Business Manger.
- That the role of the 'Governance' Committee be to set the strategic direction for the Society; to employ, review and remunerate the Business Manager; to undertake normal governance duties (policy formulation, risk management, operating oversight, stakeholder management etc) and to report to the 'owners' the results.
- That the terms of office be set for members of the Governance Committee, such terms to be along the lines of a maximum of three, two year terms. At the end of each term, the members to resubmit their curriculum vitae for re-election, rather than automatic roll-over. At the conclusion of a total of six years, the member must stand down for a period of one year before offering themselves for re-election.
- That the Governance Committee report monthly to the Council's liaison officer against the Key Performance Indicators and financial metrics.
- That the Business Manager be given the responsibility for, and be held accountable for, the day-to-day management of the Society.
- That the Minutes of the Governance Committee meetings accurately record the deliberations of the Committee.
- That the Rules be updated accordingly.
- That the Council considers its prudential and fiduciary position with the Society.
- That when the Governance Committee is appointed, they partake in a one day governance workshop. This workshop to include governance design, strategic leadership and Committee/Business Manager relationships.

OPTIONS

Options for Council in the Immediate Term

1. Request the Society to consider and act on the Boardworks Report recommendations and rely on the service agreement, key performance indicators and current financial reporting regime to monitor the Society's uptake of the proposed restructure.
2. Offer Council assistance to the Society to implement the Boardworks Report recommendations. For example, Council can assist the Society by allowing it to access Council legal services to amend the Society Rules, assist with the development of job descriptions for Governance Committee members and Business Manager, establish monthly reporting procedures to Council and potentially underwrite the proposed one-day governance workshop for new Governance Committee members.

3. In addition to the above, it is suggested that the provision for Councillor Appointees to the Society's Management Committee be removed. With a skills-based Governance Committee of five, and increased reporting on both key performance indicators and financial status, there should be enough transparency and monitoring to ensure the Society's accountability to Council without the need for Councillor Appointees. This approach addresses the issue raised about Council and Councillor financial and legal liability.

The advantages of the above approach are that the Society's Management Committee members are passionate, dedicated and keen to move the Gallery forward and are likely to act quickly on the proposed recommendations. The Director has now resigned, which provides a window of opportunity to address organisational and staffing issues and to clarify the role of a Business Manager relative to the role of a Governance Committee. The Management Committee is already looking at ways to manage the interim period between the current Director's departure and a replacement position.

Although there are Council resource implications in offering assistance, it must be taken into account that the Society will be operating under an interim management staffing structure until a Business Manager is recruited and will need support from Council Officers over the next few months.

Longer Term Governance Options

1. Establish the Gallery as a business unit of Council. There are other models of Council ownership & management of Art Galleries (for example the Auckland City Art Gallery and the Porirua City Council Pataka Museum of Arts & Culture). More analysis would be required before this option could be fully considered, but at first glance it is not clear that there would be any financial advantages in Council management.

With Council's agreement to provide a one-off increase to the Lopdell House Society's operating grant of \$80,000 the Society will be receiving \$405,000 for the 2005/2006 financial year. Of that \$82,000 is paid back in rent. Staff costs comprise approximately \$236,000, which leaves about \$87,000 to run the Gallery. The Society is well aware that in order for the Gallery to perform as a regional, cutting edge gallery, it needs to diversify its portfolio and seek other sources of revenue to top up the Council grant and current sponsorship. This will be one of the key functions of the new Director or Business Manager.

If Council took on the Gallery as a business unit, other sources of revenue would probably still be required but the likelihood of sponsorship to Council may be less than sponsorship of a separate identity. However, as noted, there are other examples where councils are running art galleries as business units, which could be explored in more detail. The Pataka Museum of Arts & Culture generates significant revenue from leasing community meeting space, hosting a dealer gallery, sponsorship, leasing space for a café, education programmes and a performing arts studio.

2. During the 2005 Annual Plan deliberations, Councillors requested that the proposed governance review of council-affiliated organisations include an investigation into the feasibility of establishing one or two umbrella arts trusts administering one or two arts "precincts". Officers have done some preliminary work and intend to continue exploring some options for Council to consider before the next Annual Plan deliberations. There are other models around New Zealand. It will certainly be one of the considerations when officers undertake the governance review of the Waitakere Arts and Cultural Development Trust (Corbans).

RESOURCES

There are staff resource implications for any Council assistance provided to the Society to implement the proposed changes. There is also a possibility that the Society will approach the Council for assistance with funding a one day workshop with the new Governance Committee. Budget exists within the Quality Assurance Directorate to assist with any workshop costs.

CONCLUSION

The outcome of the Governance Review is to propose changes to the Society's governance structure. Proposed changes include a "redesign" of the Society's Management Committee into a smaller, skills-based Governance Committee, establish clear roles and responsibilities for the Governance Committee, increase its reporting requirements to Council and establish a Business Manager position.

In the immediate term, Council Officers suggest that Council request the Society to implement the proposed changes and to rely on the increased reporting regime to monitor progress. Given that the current Director has resigned and the Society's Management Committee is in the process of establishing an interim structure and is keen to move forward, it is also proposed that Council offers the Society access to Council resources to implement the proposed changes.

In the long term there are other options for Council to consider. These options require further analysis, but include Council control of the Gallery as a business unit of Council or the development of new governance models such as one or two umbrella arts trusts centred on arts and cultural "precincts".

RECOMMENDATIONS

1. That the Lopdell House Society Governance Review Report be received.
2. That the Finance and Operational Performance Committee provide the Boardworks International Governance Review Report to the Lopdell House Society and request the Society to implement the Report's recommendations.
3. That when the recommended Governance Committee is established, there be no provision for Councillor Appointees.
4. That the Council offer assistance to the Society to implement the Boardworks International Governance Review Report recommendations, by providing access to Council legal services, quality assurance and human resource services.
5. That Council officers continue to explore other governance options for Lopdell House Gallery and Corban Estate Arts Centre and report back to the Finance and Operational Performance Committee before June 2006.

Report prepared by: Annika Lane: Senior Analyst, Governance & Infrastructure.



17 **BUDGET ADJUSTMENTS**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Finance and Operational Performance Committee to make adjustments to the 2005/2006 capital budget in order to facilitate a number of projects which have come to light subsequent to the 2005/2006 Annual Plan.

BACKGROUND

A number of projects identified in the 2005/2006 Annual Plan will not be proceeding. The reasons for this are mainly that there have been delays in planning processes, particularly with the Northern Strategic Growth Area development and delays in consent processes.

There have also been a number of projects which have recently come to light and which should be accelerated due to either financial advantage or to mitigate further damage.

STRATEGIC CONTEXT

The projects covered in this report cover a number of strategic platforms, in particular the Three Waters platform and the Green Network platform. Priorities for the Three Waters platform include improving environmental protection and mitigating stormwater management issues.

ISSUES

Additional Funding Requirements

Avondale Stream Restoration

The Olympic Park Trust has recently received a grant from the ASB Trust of \$350,000 towards a bridge and stream restoration works in the Avondale Stream at Olympic Park. It is recommended that an additional \$200,000 is provided to finalise this stream restoration project in this current year of 2005/2006 in order to take advantage of additional funding from the ASB Trust.

Western Road Catchment Stormwater Improvements

Concerned residents at Western Road in Laingholm presented a petition to the Waitakere Community Board in July 2005 requesting urgent stormwater improvements to minimise flooding. A detailed investigation of the stormwater issues has been completed and it has identified that works to the value of \$225,000 are required as the first stage of urgent stormwater improvements to control stormwater run-off from Victory Road and Warner Park Road.

Henderson Central Median Project

This project is subject to a Project Special Committee recommendation and provides for the upgrading of the Henderson Central Median to be coordinated in line with the tendering and construction of the Railside Avenue and Ratanui Street upgrades. The amount sought is \$364,350.

Swanson Station Park Development

This is subject to a recommendation from the Tenders Subcommittee, 25 November 2005. Tenders have come in short of the budget allowance and an additional \$153,103 is being sought.

Makaroa Road Reserve Car Park Extension

This is the subject of a separate report in this Agenda. The amount required is \$314,200.

Stormwater Upgrade 1 Rimu Street Slip Stabilisation

Stream bank slip remediation works and stream bank stabilisation required to stop further slips. The amount required is \$45,000.

Waitakere Central Stormwater Outfall Line

The installation of the stormwater pipeline across Henderson Valley Road will require additional costs due to the realignment of pipeline caused by other services not being in the map positions used in the design and this has only just become apparent. The amount required is \$61,000.

Huia Road Development

Stormwater culvert inlet protection works is required in order to take away debris and blockages which occurred during recent heavy rainfall. The work involves inlet surrounds and ground reshaping. The amount required is \$15,000.

Tikitiki Street

Flood management pipe works required due to continual uncontrolled stormwater coming from the road which has resulted in a number of residential complaints. The amount required is \$40,000.

Budgets Available for Reallocation

Project	2005/2006 Budget	Budget Surplus for Re-Allocation	Comment
Stormwater Capital Works Programme - Construction of Stormwater Pond at Castleford Street	\$550,000	\$475,000	There are a number of technical and resource consent issues that need to be resolved and thus this project will not be able to be completed in the current financial year. This project will be re-budgeted into the draft Long Term Council Community Plan 2006/2016.
Northern Strategic Growth Area Wastewater	\$500,000	\$500,000	This budget is for planning decentralised wastewater treatment facilities for new Northern Strategic Growth Area developments, especially an upgrade to the old ex-

Project	2005/2006 Budget	Budget Surplus for Re-Allocation	Comment
			Royal New Zealand Air Force wastewater network. This programme is re-budgeted in the draft Long Term Council Community Plan.
Northern Strategic Growth Area Stormwater	\$500,000	\$500,000	This budget is available for reallocation due to delays in the State Highway 18 construction process and the Metropolitan Urban Limited process. The project is to plan and implement the upsizing of culverts. This programme is re-budgeted in the draft Long Term Council Community Plan.

RESOURCES

Total amount of funding sought is \$1,417,653. The amount of funding available for reallocation is \$1,475,000. Any remaining budget will be provided as surplus at the end of the year. The offsetting of these budgeted savings to be reassigned against the additional requirements will have no impact on ratepayer funding.

CONCLUSION

A number of projects have been identified requiring further funding in 2005/2006 in order to gain advantage for Council or to mitigate potential asset deterioration. There is funding available from projects which have been delayed and which have been re-budgeted in the draft Long Term Council Community Plan 2006/2016.

The substance of this reallocation is merely to exchange budget timings from one group of projects which are being brought forward and another group of projects which are being delayed.

RECOMMENDATIONS

1. That the Budget Adjustments Report be received.
2. That additional funding of \$200,000 allocated within the 2005/2006 Annual Plan for work on the Avondale Stream Restoration be approved.
3. That additional funding of \$225,000 allocated within the 2005/2006 Annual Plan for the Western Road Catchment Stormwater Improvements be approved.
4. That additional funding of \$364,350 allocated within the 2005/2006 Annual Plan for work on the Henderson Median project be approved, subject to approval from the Project Special Committee enabling project commencement.
5. That additional funding of \$153,103 allocated within the 2005/2006 Annual Plan for work on Swanson Station Park Development be approved, subject to recommendation from Tenders Subcommittee.

6. That additional funding of \$314,200 allocated within the 2005/2006 Annual Plan for work on the Makaroa Reserve Car Park Extension be approved.
7. That additional funding of \$45,000 allocated within the 2005/2006 Annual Plan for work on Stormwater Upgrade in 1 Rimu Street Slip Stabilisation be approved.
8. That additional funding of \$61,000 allocated within the 2005/2006 Annual Plan for work on the Waitakere Central Stormwater Outfall Line be approved.
9. That additional funding of \$15,000 allocated within the 2005/2006 Annual Plan for work on the Huia Road Development be approved.
10. That additional funding of \$40,000 allocated within the 2005/2006 Annual Plan for work on Tikitiki Street be approved.
11. That the Group Manager: Asset Management be authorised to offset the amounts listed above against the Castleford budget allocation of \$475,000 Wastewater Northern Strategic Growth Area budget allocation of \$500,000 and the Stormwater Northern Strategic Growth Area budget allocation of \$500,000 in the 2005/2006 Annual Plan.

Report prepared by: Stephen Drumm, Group Manager: Service Management.



18 **MAKORA RESERVE CARPARK EXTENSION**

PURPOSE OF THE REPORT

The purpose of this report is to forward a recommendation from the City Development Committee to the Finance and Operational Performance Committee to provide funding for the construction of stage one of a car park development at Makora Reserve in the 2005/2006 financial year. The report also provides further details on the costs and proposed staging of the project.

BACKGROUND

Waitakere Badminton Association leases reserve land in Makora Reserve, classified under the Reserves Act 1977, as local purpose (community buildings) reserve. The current lease is for a 33 year term, and will expire 31 August 2007, with the potential for a right of renewal.

The Waitakere Badminton Association Hall located on the leased land and built by the Waitakere Badminton Association is a significant venue for international, provincial, and community badminton. Some 150 players are participating in representative play at various age levels. Current player demands for court spaces exceed court availability. All interclub competition, both junior and senior, operates from this Hall. The number of junior members is 450, with 710 senior members. Current trends suggest a growth in participants. Over the past 18 months the Waitakere Badminton Association has reported an increase in general public participation with court usage trebling in this period. In particular many ethnic groups have been utilising the facility.

A report outlining proposed extensions to the existing Waitakere Badminton Association Hall were reported to the Massey Community Board on Wednesday, 4 May 2005 for approval of the extension of the Waitakere Badminton Association Hall, the following resolutions were passed at that meeting:

- “2. *That approval is given by the Massey Community Board, representing Council as the landowner, for the right to expand the buildings of the Waitakere Badminton Association, subject to all building and resource consent requirements being satisfied.*”

764/2005

In addition to the above, issues relating to an outstanding loan were required to be resolved prior to any further proposals being put forward to Council for Makora Reserve. In 1986 Council issued a \$125,000 loan to the Waitemata Badminton Association (now known as Waitakere Badminton Association) for badminton hall development. A couple of payments were made back to Council, but further deferrals were requested by the association. In December 1996, with the balance owing at \$123,386 a deferment of interest and principle was granted for five years. No interest or principle has been received since. The focus of the Waitakere Badminton Association's attention has been to repay other lenders.

In 2000 the Waitakere Badminton Association built an additional three courts, totalling nine. The extension was driven by the desire to host the Olympic Qualifying tournament. The addition was a requirement for hosting the tournament however the association was not in a financial position to build six courts as originally planned and decided to go a head with the minimum required to host the Olympic qualifiers. The association received a Hillary Commission Loan (administered by Council) for \$80,000 towards the development. There is currently \$9,600 still owing on the loan.

The issues around the original loan with Council to the Waitakere Badminton Association were reported to the Finance and Operational Performance Committee held on Monday, 11 July 2005. The following resolutions were passed:

- “2. *That the extended deferral of interest and principal payments from January 2002 until present in respect of the original loan be endorsed to the Waitakere Badminton Association.*
3. *That, in respect of the original 1986 loan, the Waitakere Badminton Association be granted a deferral of principal repayments only for a period of 5 years from 1 August 2005, but that they be required to pay monthly interest payments on the outstanding loan balance (\$123,386) at a rate of 7% per annum. From 1 August 2010 the principal will be repaid in equal monthly instalments over a period of 10 years.*”

1339/2005

A land swap/divestment proposal from Waitakere Badminton Association was presented to the City Development Committee in a confidential report on 8 September 2005. The proposal presented an opportunity to create an improved car park facility at Makora Reserve for Badminton which would link to their building expansion. However, due to the constraints and risks associated with the land swap and divestment proposal and the loss of passive reserve it was not considered appropriate to proceed with a land swap or divestment, instead, it was considered more appropriate to provide car parking at the rear of Makora Reserve. The following resolutions were passed at that meeting:

- “2. *That the City Development Committee confirms Option A as the most appropriate option to provide additional car parking in Makora Reserve and recommends to the 2006/2016 Long Term Council Community Plan and Annual Plan Special Committee that budget be allocated to the project for the 2006/2007 financial year for upgrade of the temporary gravel car park and inclusion of security fencing and lighting.*

3. *That the City Development Committee recommends to the Finance and Operational Performance Committee that funding be allocated in the 2005/2006 year for the provision of initial gravel car park at Makora Reserve to enable the extension of the Waitakere Badminton Hall to proceed in 2005/2006."*

1709/2005

STRATEGIC CONTEXT

The proposed improvements outlined in the Waitakere Badminton Associations proposal are aligned with Council's strategic platforms for Strong Communities in developing sports facilities that add to the health and well being of the community.

There is no current reserves management plan for Makora Reserve.

ISSUES

As a result of the City Development Committee resolutions, concept plans were developed in consultation with the Waitakere Badminton Association in order to develop detailed costings for the development of the Makora Reserve car park extension and to determine staging for the project.

The project was identified in two stages. The first to provide a gravel car park with the second stage to seal the car park and provide fencing, lighting and planting.

RESOURCES

A87 The engineers estimate for stage one works for the car park development are \$249,200. This is detailed in the attachment at page A87. An additional \$65,000 is required on top of this to cover the following;

1.	Consent application fees	\$ 3,500.00
2.	Quality Assurance	\$ 3,000.00
3.	Project Mgmt/Parks recoveries	\$18,000.00
4.	Contingency	\$40,000.00

The total stage one budget required is \$314,200. A separate report to the Finance and Operational Performance Committee will identify funding sources for this amount.

A88-A89 A further \$150,000 is being identified in the 2006/2016 Long Term Council Community Plan (LTCCP) for stage two works which includes sealing of the car park and inclusion of landscaping, fencing and lighting, refer attachment at pages A88 to A89.

CONCLUSION

Providing car parking at the rear of Makora Reserve, with associated safety issues addressed, was considered the most appropriate option to enable the extension of the Waitakere Badminton Hall to proceed and to provide improved facilities at Makora Reserve.

The City Development Committee have recommended to the Finance and Operational Performance Committee that funding be allocated in the 2005/2006 financial year for the stage one development of the car park.

Stage two funding for completion of the project is being identified through the draft 2006/2016 Long Term Council Community Plan.

RECOMMENDATION

That the Makora Reserve Car Park Extension report be received.

Report prepared by: Renee Lambert, Service Manager Parks Planning.



19 BOARD APPOINTMENTS TO WATERCARE SERVICES LIMITED

PURPOSE OF THE REPORT

The purpose of this report is to seek the Finance and Operational Performance Committee's approval of proposed reappointments to the Watercare Services Limited Board.

BACKGROUND

Regulations 27.1 and 27.2 of the Watercare Services Limited Constitution requires one third of the directors to retire from office at the time of the Annual General Meeting, with those serving the longest in office being required to retire first.

The Watercare Shareholders' Representative Group met on 30 September 2005 and resolved to reappoint Mr Graeme Hawkins and Mr Patrick Sneddon to the Board of Watercare. To ratify these reappointments at the Annual General Meeting, each shareholding council is required to formally endorse the Shareholders Group resolution. This is in accordance with clause 20 of the Shareholders' Agreement.

A90

The Deputy Chairman of the Shareholders' Representative Group has written to the Council's Chief Executive Officer, requesting the Council's mandate with respect to the two reappointments to the Watercare Board. The letter is attached at page A90 .

Resolutions are also required to ensure that Shareholder Representative Group representatives have full authority to vote on behalf of the Council on the (re)appointment of Watercare Directors. The Council's Shareholders Representative Group members are Councillors Janet Clews and Judy Lawley.

STRATEGIC CONTEXT

The Council's strategic goal of sustainable management of the three waters, water supply, and wastewater and stormwater 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

Retiring Directors

Directors Graeme Hawkins and Patrick Sneddon will be retiring at this year's Annual General Meeting. Both have indicated a desire to be re-elected.

Mr Hawkins is the current Chairman of the Board and has extensive experience in senior management roles in the private sector and as a professional director. He has held senior roles in Fletcher Challenge and was Chief Executive of Dominion Breweries in the late 1980s.

Mr Sneddon has considerable experience in commercial activity with Maori organisations and has a sound understanding of the role public sector organisations play in the community. He is the current Chairman of the Board of Housing New Zealand Corporation and the Counties Manukau District Health Board.

The Watercare Shareholders' Representative Group met on 30 September 2005 and resolved to reappoint Mr Hawkins and Mr Sneddon to the Board of Watercare. To ratify these reappointments at the Annual General Meeting, each shareholding council is required to formally endorse the Shareholders Group resolution. This is in accordance with clause 20 of the Shareholders' Agreement.

Resolutions are also required to ensure that Shareholder Representative Group representatives have full authority to vote on behalf of the Council on the (re)appointment of Watercare Directors. Officers recommend that the Committee makes the appropriate delegations for Councillors Janet Clews and Judy Lawley to act on the Council's behalf to implement these decisions.

RESOURCES

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

CONCLUSION

This report recommends that the Finance and Operational Performance Committee endorses the Watercare Shareholders' Group resolution nominating Graeme Hawkins and Patrick Sneddon for re-appointment as Directors of Watercare.

RECOMMENDATIONS

1. That the Board Appointments to Watercare Services Limited Report be received.
2. That the Finance and Operational Performance Committee endorses the Watercare Shareholders' Group resolution nominating Graeme Hawkins and Patrick Sneddon for re-appointment as Directors of Watercare to the Watercare Services Limited Board of Directors at the Company's Annual General Meeting in December 2005.
3. That the Chair of the Finance and Operational Performance Committee write to the Watercare Shareholders' Representative Group advising the parties of the prospective Directors nominated by Waitakere City Council.

4. That the Finance and Operational Performance Committee delegate authority to Councillors Janet Clews and Judy Lawley to exercise votes and sign documents required to give effect to the decisions of the Shareholders' Representative Group in relation to the re-appointment of Watercare Directors.

Report prepared by: Annika Lane: Senior Analyst, Governance & Infrastructure.



20 **PROPOSED HERITAGE ASSISTANCE FUND**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Finance and Operational Performance Committee to establish a heritage assistance fund of \$50,000 for owners of heritage buildings listed in the District Plan that would assist with the restoration and repair of buildings including earthquake strengthening.

BACKGROUND

The Council has demonstrated its commitment to cultural heritage through a range of programmes such as the "Going West" writers festival, purchase of iconic heritage buildings and contributions through rates towards the ongoing operating costs of Auckland Museum and MOTAT. At the time that the District Plan was prepared it was envisaged that the Council would provide grants for the protection of heritage items and the heritage strategy recommends the development of a heritage fund to complement regulations imposed by central and local government.

The Council entered into a consent order with Transit New Zealand when it settled an appeal on the designation for SH16/18 that would result in the destruction of Sinton House and the re-location of cottages associated with Clarks pottery and Ockleston House. That settlement agreement specifies that the sum of \$300,000 should be paid to Council at the time that Sinton House is destroyed.

STRATEGIC CONTEXT

Heritage falls within the Rural and Urban Villages platform and contributes to the Strong Communities platform in the Long Term Council Community Plan. The City aims to play a role in integrating heritage within its town centres and celebrating its diverse cultures. Providing for expression and promotion of local heritage contributes towards building strong communities.

ISSUES

Identifying, protecting and preserving New Zealand's historic heritage is one of the most important resource management challenges facing the country. Under the Resource Management Act, local authorities are responsible not only for providing for the protection of historic heritage in their region, district or city, but also for managing the effects on heritage that arise out of the planning and resource consent process.

However, the way in which local authorities carry out their historic heritage management role varies greatly throughout New Zealand. Those differences are likely to become more apparent in light of the significant changes brought about by the Resource Management Act 2003, and its raising of heritage protection to a matter of national importance.

Council currently provides a range of non-regulatory incentives to owners of natural heritage resources through its green network rates relief policy, assistance with fencing of riparian margins, free plants for restoration projects, advice, ginger bags and subsidy for weed removal. This assistance package is worth approximately \$100,000. This range of measures is entirely appropriate, given the significant natural resources in Waitakere City and the rare and endangered native species of flora and fauna. However, the Council has not developed a similar range of non-regulatory incentives for owners of heritage buildings in the City. This has meant that with the exception of free advice and the processing of heritage consents most landowners have to rely on external sources of funding from the Trusts, Auckland Regional Council, Lottery Grants Board or ASB. The Council has also recently publicly notified its earthquake prone building policy that will impose compliance costs on the owners of certain heritage buildings. It is considered that the Council should provide non-regulatory incentives to support the long-term preservation of built heritage in the City and to assist landowners with the costs of complying with the earthquake prone building policy.

Incentives and grants are successful methods for local authorities to help manage heritage by providing incentives to private owners to look after their historic buildings. This is becoming an increasing priority for a number of local authorities. The following examples show good practice around the region and country:

- Auckland City Council's Heritage Assistance Fund covers built and natural heritage and provides a total of \$50,000 for each. The Gulf Islands have some similarities to Waitakere City in the quality of natural heritage.
- Wellington City Council's Earthquake Risk Building Fund provides financial and project-management assistance for earthquake strengthening work.
- Rodney District Council has established a built heritage fund of \$20,000 this year despite a relatively small rating base.
- North Shore City Council has a heritage trust that the Council gives \$50,000 per year to distribute for heritage buildings. Funding for applications are only paid for projects that have been completed to agreed standards.
- Manukau City Council has a Heritage Assistance Fund that covers waiver of resource consent fees and gives grants towards the protection of scheduled heritage items.

Some Councils have chosen to form community heritage trusts to administer the funds. However, it is considered that the Council should control the process and allocate funding as it does for natural heritage. The reason for this is that Council can directly control the allocation of funding to specific projects and direct resources to worthwhile applications.

RESOURCES

The Council is expected to receive a total of \$300,000 from Transit New Zealand when Sinton House is demolished as part of the construction of SH18. To establish a heritage assistance fund the Council could either raise a loan against this amount that is due, or establish the fund directly from rates. Staff time will be required to assess applications, make recommendations to the Committee and administer payments from the fund.

CONCLUSION

The Council's regulatory regime outlined in the District Plan and earthquake prone building policy should be complemented by a range of non-regulatory incentives for owners of heritage buildings in the City. A balanced use of regulation and non-regulatory methods is more likely to achieve compliance and improve the quality of built heritage outcomes across the City. The Council has already developed a good range of non-regulatory incentives for natural heritage across the City and a heritage assistance fund should be developed in a similar manner.

RECOMMENDATIONS

1. That the Proposed Heritage Assistance Fund report be received.
2. That the Finance and Operational Performance Committee recommends to the Long Term Council Community Plan and Annual Plan Special Committee that it allocates \$300,000 in the Long Term Council Community Plan for the establishment of a heritage assistance fund for buildings listed in the District Plan.
3. That if funding is approved in the Long Term Council Community Plan, a further report be provided to the Finance and Operational Performance Committee outlining the proposed dates for applications, and the process and assessment criteria for funding.

Report prepared by: Alina Hughes, Principal Advisor: Heritage.



21 UPDATE ON CHAPEL OF FAITH IN THE OAKS

PURPOSE OF THE REPORT

The purpose of this report is to provide the Finance and Operational Performance Committee with information from the consultant engineers' assessment of the Chapel of Faith in the Oaks. The report recommends that the Council should undertake the project management of the repairs to the Chapel and that Council should request a \$10,000 contribution from the Chapel Restoration Trust towards the repair and maintenance works.

BACKGROUND

The Chapel of Faith in the Oaks is one of only 16 Category I heritage buildings in the City. It is also listed as a Category II heritage building by the New Zealand Historic Places Trust. The heritage listings mean that the Chapel building is considered to be significant and any modifications to the building will require consultation with the New Zealand Historic Places Trust.

The Chapel was constructed in 1886 and was regularly used for church services until 1926. The condition of the building deteriorated rapidly from 1969 to 1976. In 1977 a group of concerned local residents established a restoration programme for the Chapel, forming the Waikumete Restoration Trust in 1978.

The Trust approached Council this year for assistance in establishing the cost involved in undertaking repairs and carrying out maintenance to the Chapel. Council commissioned a consultant engineer's report to clarify what structural repairs and maintenance are required and indicative costs for those physical works.

STRATEGIC CONTEXT

The Council has nine strategic platforms in its Long Term Council Community Plan. The Urban and Rural Villages platform, aims to:

"Protect and celebrate the City's cultural diversity and heritage. Work in partnership with the many cultures of the City. Plan for the protection and celebration of all kinds of heritage in the City - e.g. Maori, industrial and environmental".

Waikumete Cemetery and the Chapel of Faith in the Oaks are associated with the early development of the City, the rail network, and the cemetery is one of the largest and most significant cemetery in the southern hemisphere.

ISSUES

The Trust approached the Council earlier this year to establish the cost of repairs or alternatively for Council to commission and pay for the physical works. The lease agreement identifies that the Trust is responsible for the restoration and repair of the Chapel. However, it should be noted that the existing Trust was re-formed in 1998 and the nature of repairs required indicate that the Chapel has been deteriorating for some time. The Trust has not received any money directly from Council to assist it to undertake the repair and maintenance of the Chapel, unlike other Trusts in the City that have been established to manage heritage buildings e.g. Glen Eden Playhouse Theatre, McCahon House. The scale of repairs required to adequately maintain the Chapel are significant and beyond the financial means of the Trust. Council officers recommended to the Finance and Operational Performance Committee in July this year that a report should be commissioned to ascertain the current condition of the building. The Committee recommended:

1. *That the Chapel of Faith in the Oaks - Update report be received.*
2. *That Council officers report back the results of the building assessment, together with projected costs and options for the repair and maintenance of the Chapel of Faith in the Oaks building including the treatment of the tree that may be causing problems to the Chapel.*
3. *That a report be brought back to the September 2005 meeting of the Finance and Operational Performance Committee covering the operations of the Waikumete Restoration Trust and in terms of the Trust deed in relation to the management of the Chapel."*

1340/2005

A report on the governance and operations of the Trust was presented to the September 2005 meeting although it did not make any recommendations at that time.

A91-A151

The consultant engineer from Tonkin & Taylor has prepared a report on the state of the Chapel. The report recommends specific remedial works to repair and maintain the building and some stabilisation works to minimise the likelihood of the cracking reoccurring. A copy of the engineer's report is attached at pages A91 to A151 and copies have been sent to the Trust prior to the Committee considering this report. Copies of the report will be sent to the Historic Places Trust and Friends of Waikumete in due course as relevant interest groups.

The report recommends that the following repair and maintenance work needs to occur:

- Repainting hairline cracking.
- Removing and reinstating areas of drummy plaster and flaking/blistering paintwork.
- Cleaning out structural cracking, installation of a repair system consisting of the following:
 - Injection of epoxy resin into crack;
 - Application of lime plaster and repainting.

The stabilisation work is required to stop the cracks remaining 'active'. If the stabilisation works are not undertaken, the cracks will remain 'active' and the following additional works will be required to repair the cracks:

- Cutting of 1,000mm long slots in mortar joints or brickwork at 350mm spacing.
- Installation of proprietary stainless steel rods across cracks using cementitious grout.
- Removal of damaged section of truss timber and splicing of new timber to match original with installation of damp proof membrane between timber and masonry surfaces.
- Refixing of southern door to allow for current frame distortion.
- Removal of damaged section of truss timber and splicing of new timber to match original with installation of damp proof membrane between timber and masonry surfaces.
- Refixing of southern door to allow for current frame distortion.
- Replacement of guttering to northern porch.
- Ensuring all guttering is regularly cleared of leaves to prevent build up.

These works are estimated to cost \$10,500.

There are two options outlined in the report for stabilisation works - a cut off wall or underpinning.

Option 1 - a cut off wall involves the installation of a 100mm wide subsurface mass concrete cut off wall to a depth of 1.5m around the perimeter of the Chapel in order to isolate the foundations from changes in soil moisture content. A membrane and new concrete apron would be installed between the cut off wall and Chapel to prevent rainwater from entering the isolated area. This option is estimated to cost \$26,000. This work would involve severing the oak tree roots. Council's arborist has reviewed the engineer's report and has advised that resource consent will be required for works within the dripline of the oak tree and the applicant's contractor will need to manage the effects of earthworks such as compaction and minimise spillages of concrete. However, in the arborist's opinion, oak trees are relatively resilient to root loss and works within the dripline of the tree would be preferable to tree removal. Council staff have contacted Tonkin & Taylor and have discussed general costs for preparing design drawings and engineering specifications. This is estimated to cost around \$6,000 for Option 1.

Option 2 - involves installing reinforced concrete piling underneath the perimeter of the Chapel to sufficient depth to isolate the building from changes in soil moisture content. The piles would support a reinforced concrete ground beam which would be connected to the existing strip footing by steel dowels. These works could be undertaken without removal of the existing concrete apron. This work is estimated to cost \$42,000, including reinstatement of planting and pathways around the Chapel. Council staff have contacted Tonkin & Taylor and have discussed general costs for preparing design drawings and engineering specifications for this option. This is estimated to cost around \$10,000 as this option is more complex.

The engineer's report recommends that Option 1 will achieve stabilisation of the Chapel and that the other maintenance and repair work outlined in the report should occur. Option 1 is favoured by the engineer as it is considered to be a cheaper option that will achieve the same result as Option 2. An earlier building report written by a conservation heritage architect (Dave Pearson), states that underpinning of all building foundations to a level below the ground water table will remediate the underlying cause of cracking in the walls. This should include the porches which were never underpinned. It is considered that although Option 2 is more expensive, it will provide a better long-term solution.

It should be noted that there are additional costs associated with these physical works such as preparing drawings and specifications for the works, project management, contingency costs and costs associated with preparing any resource consents. It is considered that the repairs to be undertaken are significant and require highly developed project management skills. Council staff have specialist skills in project management for physical works. It is considered that the skills required to implement significant physical works, apply for resource consents, supervise and manage contracts would stretch the capability of the Trust members and therefore any financial contribution from Council to the Trust may not result in the works occurring within the short term.

Council staff have asked the Council's Manager: Legal Services to provide advice on the options available to resolve this issue:

One option is that the Trust continues to administer the Chapel but makes a grant to Council to towards the additional items required to make a successful funding application to the Trust such as detailed design drawings. This option would involve the Trust reaching an agreement with Council on its level of contribution towards the overall cost. Council staff have talked to a Trust member and it is considered that a reasonable level of contribution from the Trust would be in the order of \$10,000.

A second option may be that the Trust surrenders the lease and the Trust dissolves. This option would enable the Council to undertake the works and for ownership of the Chapel to revert to Council. This option may enable the Council to provide the Chapel to a wider range of community groups for functions. If the Trust is wound up there is no provision in its Trust Deed for any of its money to transfer to Council, and the money held by the Trust is likely therefore to be donated towards other charitable purposes.

A third option would involve Council staff meeting with the Trust to outline the works that are required to be undertaken. The Council would then need to issue formal notices to specify the required works and a reasonable timeframe for these works to be achieved. If the Trust fails to meet the timelines within a reasonable time period, then the lease may be terminated. However, the Council must provide a realistic timeframe for achieving the works - in this case, 12-18 months is considered reasonable to obtain consents and undertake the construction.

Council staff consider that the Trust has approached the Council for assistance in good faith. The Trust has not received any financial assistance from the Council to repair and maintain a Category I heritage building unlike other Trusts or Society's such as Lopdell House. Some trust members have suggested that they would prefer to use the Tonkin & Taylor report as a basis to seek external funding from the Portage Licensing Trust and ASB Charitable Trust. It may be possible for the Trust to make a grant to Council to commission engineer's drawings and to provide written authority to apply for any relevant consents and to project manage the entire process. The Chapel requires urgent attention to halt further decay and provided that the Trust grants Council a reasonable sum towards the repair costs, it is considered appropriate that the Council should offer the Trust some assistance by providing staff time to project manage the contracts and physical works and to assist the Trust in making external applications for funding. It is understood that the Trust has approximately \$18,000 in savings and a \$10,000 contribution towards engineer's drawings would still leave the Trust a sufficient surplus to meet its outgoings. The Trust will not meet formally until later this month to consider its position and provide a formal response to this report.

RESOURCES

The costs of commissioning the engineer's report have been met by Council. The costs of repairs are estimated at between \$26,500 and \$62,500. If the Trust contributes \$10,000 towards the costs of additional engineer's drawings, then the additional resource required is staff time to assist the Trust to draw up funding applications and to project manage the contracts and physical works.

CONCLUSION

The Chapel of Faith in the Oaks is a significant historic building in terms of the early growth and development of the City and its place in the Waikumete Cemetery. It is evident that the repairs to be undertaken are substantial and should commence within the next 12 months to ensure that the building does not deteriorate further. The Trust has around \$18,000 in total at its disposal and has expressed a desire to seek external funding to undertake the works outlined in Option 2 of the Tonkin & Taylor report. It is considered that provided that the Trust makes a contribution towards producing engineer's drawings that the Council should assist the Trust in seeking external sources of funding and project managing the process.

RECOMMENDATIONS

1. That the Chapel of Faith In The Oaks - Update report be received.
2. That Council request a \$10,000 grant from the Chapel of Faith in the Oaks Restoration Trust towards the costs of preparing engineer's drawings for the Chapel of Faith in the Oaks and authorisation to apply for consents, and undertake physical works in the area.
3. That the Council provide the Chapel Restoration Trust with assistance in terms of staff time to help in making applications for external sources of funding and project managing the physical works.
4. That Option 2, estimated to cost \$62,500 will achieve stabilisation of the Chapel of Faith in the Oaks and is preferable as it is more long-term solution.
5. That Council officers report back progress on the restoration of the Chapel of Faith in the Oaks item to the Finance and Operational Performance Committee at six monthly intervals.

Report prepared by: Alina Hughes, Principal Advisor: Heritage.



22 REVIEW OF RATING SYSTEM

PURPOSE OF THE REPORT

The purpose of this report is to advise the Finance and Operational Performance Committee on the matters requested at the November meeting of the Committee.

BACKGROUND

At its meeting held on 7 November 2005, the Finance and Operational Performance Committee requested that a report be brought back to the December meeting on the process for communication and consultation on what thresholds might be considered to support a change to the rating system, the impact of uniform annual charges and a possible wastewater charge by a change to capital value rating, and the quantum that might be expected from rating utilities.

STRATEGIC CONTEXT

Changes to the rating system, such as a change from rating on land value to rating on capital value, and/or a change from the current system for levying rates for wastewater calculated on land value would require an amendment to the Long Term Council Community Plan. It is appropriate for these to be considered in the context of the review of the Long Term Council Community Plan to be conducted in the first half of 2006. A more equitable basis for calculating rates contributes to building strong communities.

ISSUES

Thresholds for Proceeding with Proposals to Change to the Rating System

Both a proposal to change to rating on capital value and a proposal to change the basis of charging for wastewater will have impacts on the rates payable on properties. For many ratepayers the introduction of a Uniform Annual Charge for Wastewater has the potential for an impact on rates payable that is just as great as or greater than a change to rating on capital value.

Consultation with the community on both changes will be necessary and this would need to be included in the draft Long Term Council Community Plan consultation process as required by the Local Government Act 2002.

However, due to a lack of knowledge by many in the community of how rates are set, there may be an emotive rather than a reasoned response to a proposal to change to rating on capital value.

A change to the basis of charging for wastewater may or may not evoke a similar response. It is more likely that any response will be triggered by a reaction to the impact on rates payable by each ratepayer, and for some groups in the community the debate on transferring the incidence of rates from high valued properties to lower valued properties, and perceived ability to pay. This effect should be moderated by a review of the stepped differential rating system.

The following extract from the book "Local and Regional Government in New Zealand: Function and Finance" by Professor Claudia Scott was included in the report on the review of the rating system submitted to the 7 November 2005 meeting of the Finance and Operational Performance Committee.

"The widely-held view that residential property pays less under the unimproved (land) value system has had a major impact on the various polls which have been taken concerning shifts to and from unimproved (land) value. In the case of Milton, the shift in rating burdens coincident with a change from annual to unimproved value did not confirm a substantial reduction in the burden of the residential sector. The self interest of ratepayers has dominated the debate on proposed changes to rating systems."

Council considers that some of the features that are likely to dominate a formal survey would be:

- The self interest of ratepayers will dominate the debate on proposed changes to the rating system.
- The most vocal opponents are likely to be those whose rates will increase.
- Many ratepayers whose rates will decrease could remain silent.
- Many ratepayers may be cautious of change, and may not believe that any lowering of their rates will occur.
- There is a basic lack of understanding in the community of how rates are set. There are still ratepayers whose rates increased in the 2005/2006 year, and who attribute the increase in rates to their higher land value, and assume that because their rates have increased, the Council is collecting more rates from all ratepayers. This same attitude would continue to some degree with a proposal to rate on capital value.
- Many or most of the arguments against a change to capital value rating that have been raised previously, including those that have no real substance, will be raised again e.g. properties will not be maintained, it will cause a dog problem because people will not build fences and capital value rating is a tax on development, why should I pay more because I develop my property; to name a few.

Managing the Communication and Consultation Process

Educating ratepayers in general about how rates are set, the arguments for and against alternative rating systems and the principles behind charging for wastewater by Uniform Annual Charges rather than property value would be a long and gradual process. It would never be totally successful with many ratepayers being persuaded solely by the impact on their particular rates.

Representatives of ratepayer and community groups who would be likely to make submissions on the Annual Plan and Long Term Council Community Plan could be briefed on the issues and reasons behind proposed changes.

However, "road shows" of the type undertaken in 1993 are unlikely to be successful in informing ratepayers in general, despite the information material provided by Council on the benefits and disadvantages of Capital Value Rating. At the 1993 meetings, the majority of attendees were opposed to the introduction of Capital Value Rating and presented arguments based on emotion rather than reason. These meetings could be dominated by a few eloquent individuals opposing any change, irrespective of the overall benefit to ratepayers in general.

It is possible in the intervening time since 1993 that attitudes may have moderated in respect of Capital Value Rating given the Auckland Regional Council's use Capital Value for their rating purposes.

No change can occur without some hardship to some ratepayers. As occurred in 1993, it is likely that specific cases of hardship that will result from a change would be highlighted and cited as examples why a change should not proceed, when such cases are very much in a minority and are not really a valid argument for not proceeding with a change based on overall equity principles. Rather they are matters to be considered as part of the process of managing the change, perhaps in the context of postponement of payment of some rates on the grounds of hardship in specific cases.

Impact on Uniform Annual Charges and a Possible Wastewater Charge by a Change to Capital Value Rating

The consideration of a change to rating on capital value and a change in the basis of rating for wastewater costs are separate issues, but at the same time are interrelated in the impact of the changes on rates payable by ratepayers.

The introduction of a Uniform Annual Charge for wastewater would not have any affect on the maximum level of the Uniform Annual General Charge as the income from a wastewater Uniform Annual Charge is excluded from the calculation of the statutory maximum 30% of rates income that applies to the Uniform Annual General Charge and other Uniform Annual Charges such as those levied for solid waste, Rural Sewerage, Environment Monitoring and Harbourview/Orangihina Park. This latter charge will not be struck in future rating years.

A Uniform Annual Charge for wastewater could be introduced under both a land value based rating system and a capital value based rating system. However, under a land value based rating system, the impacts on the relativity of rates between low value and high value properties are such that the current stepped differential rating system should be re-examined.

A152-A156

Attached at pages A152 to A156 are schedules showing the impact of the adoption of a Uniform Annual Charge for wastewater. Column B shows the rates currently levied for the 2005/2006 year on land values in column A. Column C, D and E show the impacts of a Uniform Annual Charge of \$327 with a Uniform Annual General Charge (UAGC) of alternatively the current maximum level of \$540, no Uniform Annual General Charge and a Uniform Annual General Charge at the mid-point, all options with no stepped differentials. The likely impact of different levels of Uniform Annual General Charge can be inferred from these three models.

Under a capital value based rating system, a Uniform Annual Charge for wastewater is a factor to be considered in determining the components of such a rating system.

A157-A162

Comparisons of the impact on rates payable of a Uniform Annual Charge for wastewater are more difficult to make under capital value rating models as the comparison with the current rates will vary for every property, depending on the land value. The schedules attached at pages A157 to A162 show the comparisons between rates on different levels of capital value. Column B shows the rates that would be levied for the 2005/2006 year on a capital value in column A assuming no Uniform Annual General Charge or Uniform Annual Charge for wastewater. Columns C, D and E show the comparative levels of rates with a Uniform Annual charge for wastewater of \$327, and alternatives of no Uniform Annual General Charge, a mid-point Uniform Annual General Charge of \$270 and a Uniform Annual General Charge at the maximum of \$540.

More detailed analysis of the type submitted to the 7 November 2005 meeting of the Committee indicates the impact of various options on properties in bands of land value.

Alternatives for Charging for Wastewater

In the report to the meeting of the Finance and Operational Performance Committee held on 7 November 2005, it was stated that rating on the land value or capital value of a property did not necessarily reflected the level of generation of wastewater. Some analysis has been done on comparisons of wastewater charges on a volumetric basis, land value and capital value. The data on volumes of water used is about two years old, but should be accurate enough to draw some provisional conclusions on the relativity of amount payable on a user pays basis and on a property tax basis.

Residential Properties

Charging for wastewater on a volumetric basis with water used as a proxy is currently not a practical option. This is because security by a charge over the ratepayers property would be lost and there would be a need to establish a Council Controlled Organisation. The charging of residential properties for wastewater on the basis of a Uniform Annual Charge may be more equitable to the majority of residential properties. The consideration of this option is reinforced by the fact that a significant proportion of costs are fixed rather than variable. In particular a large part of the City's share of Watercare Services Limited charges are currently based on population, with lesser proportions based on average flow and peak flow.

Business Sector Properties

The Business Sector comprises a wide range of uses with varying levels of wastewater generation, ranging from a small shop with one toilet and relatively minor use, through shopping malls and commercial buildings with a far greater use of toilets, restaurant and other food premises generating wastewater from kitchen waste and cleaning to significant users such as commercial laundries and chicken slaughter and processing operations.

It is probable that a significant proportion of business properties are paying more in wastewater rates calculated on land value than would be payable if wastewater charges were based on a volumetric basis. The same would apply under a capital value basis of rating.

Thus charging for wastewater on either land value or capital value does not provide a totally equitable solution.

A Uniform Annual Charge basis of charging for wastewater on Business Sector properties would result in much higher charges than for the Residential Sector charge, taking into account the Business Sector's share of costs is based on the whole Sector's water usage. This would result in small shops and other businesses generating comparatively little wastewater paying the same charge as large generators of wastewater.

It is likely that a pan charge would be a more equitable basis of charging for a large proportion of properties in the sector, than a property value based system, together with volumetric charging for larger generators of wastewater.

However, before such a basis of charging could be implemented, it will be necessary for work to be carried out on:

- determining the number of toilet/sewer connections on each property,
- identifying and classifying property uses, including trade waste,
- identifying properties to be charged on a volumetric basis,

- addressing the legal issues of contracts with properties to be charged on a volumetric basis, including signing contracts,
- development of a billing system together with establishment of debt collection procedures as volumetric charges would not be rates.

It has been estimated that the cost of all of the work required to prepare accurate data on which to bill wastewater on a volumetric basis, develop a billing system and other associated work would be approximately \$300,000.

In view of the amount of work required, implementation of a pan charge for the Business Sector, and billing of wastewater for higher volume generators could not be achieved before 1 July 2007.

However, if such a charging regime is to be adopted, it would be appropriate to carry out consultation in conjunction with the review of the Long Term Council Community Plan in the first half of 2006 with a view to implementation of any change from 1 July 2007.

In the meantime the Business Sector could be charged for wastewater on the basis of property value for the 2006/2007 year. In this event a decision would be required on whether to continue levying wastewater rates on Business Sector properties on the basis of land value for a further year, or to change to levying on capital value.

Other Issues

Charging of non-rateable properties for wastewater

As reported to the 7 November 2005 meeting of the Finance and Operational Performance Committee, an analysis of wastewater charges on non-rateable properties showed that calculated on land value, rates amounted to \$198,280. If rates had been calculated on capital value, rates would have amounted to \$657,005 as set out below:

	Rates on Land Value	Rates on Capital Value	“Pan” Charges
Schools and kindergartens	\$105,548	\$346,907	\$321,331
Places of Religious Worship	\$ 53,396	\$153,530	
Hospitals, and other non-rateable	\$ 39,336	\$156,568	
Total	\$198,280	\$657,005	

As information is currently not available on the number of toilet connections, with the exception of schools and kindergartens, charging on that basis may not be possible for the 2006/2007 year.

In the case of schools and kindergartens, the established formula based on numbers of pupils and staff could be applied.

If a decision is made to charge residential properties on a Uniform Annual Charge basis, it would not be equitable to ratepayers in general to charge non-rateable properties on the same basis.

Just as Business Sector properties cannot be charged on a pan charge or volumetric basis until 1 July 2007, the same reason applies to non-rateable properties apart from schools and kindergartens.

A decision is required on the basis of charging of non-rateable properties for wastewater from 1 July 2006.

Defence Bases

The Defence Bases at Whenuapai and Hobsonville are currently charged for wastewater costs under a separate contract outside of the rating system.

It may also be appropriate to review the basis of charging for wastewater under the current contract by 1 July 2006.

Rating of Utilities

The level of rating of utilities under, on and over roads is only an issue to be considered in the event of a change to rating on capital value. With very limited exceptions, utilities appearing on the valuation roll have a capital value, but no land value.

The liability of utility owners for rates on utilities arises from the levying of rates as a property tax on property values in the Valuation Roll.

Rates are considered to be a form of property tax levied on properties to contribute to the costs of providing infrastructure and services to the community in general by a local authority. All properties, including utilities, benefit either directly or indirectly from that infrastructure and those services.

This view follows a Court of Appeal decision in *Woolworth and others vs Wellington City Council (1996)*. In the unanimous decision of the Court, Richardson P said

“There is force in Mr Barton’s submission for the Local Government Association that it is implicit in the scheme of the legislation that a rating system, in its diversity, remains primarily a taxation system and not a system inherently based on a principle of user pays.”

Sir Ivor Richardson went on to say that the Courts should only be willing to intervene and invalidate local authority rating decisions in cases where the Council has taken irrelevant matters into account or failed to take relevant matters into account, or where the final decision is so unreasonable that no reasonable local authority could have contemplated it.

The minimum level of rates on utilities would be calculated from their properties’ proportion of the total rateable capital value of the City, i.e. the amount that would be payable if rated on undifferentiated capital value. For the 2005/2006 year this is calculated to be \$272,000 including GST.

However in making a decision on the level of rating of Utilities, the Council should not be unduly swayed by the amount to be levied. Rather the decision should be based on principles.

Currently the Council rates the Business Sector as a whole using an assessment of the costs of providing specific infrastructure and services to the Sector as a whole as a guide to the appropriate level of rating. These costs generally fall into two categories:

1. Costs can be reasonably identified and the Sector’s use can be reasonably quantified.
2. For other costs incurred by the Council where there is no basis for calculating the Sector’s share, on the basis of the Sector’s share of undifferentiated property value.

The principal costs identified in 1. are those relating to roading, stormwater and wastewater.

Costs for the Sector's use of specific services such as Wastewater and Solid Waste Disposal are separated out and are charged separately within the rating system as targeted rates.

It is implicit that properties in all differential rating categories use services, or have access to services provided by the Council to the community to varying extents. As rates are property taxes each property bears its share of the costs based on its property value. If access to a specific service is not available to some groups of properties, e.g. the wastewater service is not available to properties in the "Outer" Area of the City, then those property groups do not bear a share of the costs.

Utilities have access to and use the roading network to varying degrees for maintenance of their assets, and therefore a case can be made for them to share the costs of the roading network and associated stormwater costs. The costs of the roading network in this context do not relate to restoration work on roads following maintenance to the utility assets, but the costs of damage to roads by heavy motor vehicles.

As Utilities are clearly operated as business enterprises, it is logical for them to be included in the Business Sector differential category. With the exception of targeted rates for Wastewater and Solid Waste, and taking into account their overall share of the capital value of the Business Sector, there does not appear to be any strong reason to treat them as a special case any more than small businesses that make a relatively small use of services.

Where Utilities occupy land with a certificate of title, e.g. depots and telephone exchanges, services such as wastewater are available and may be used and such properties are currently charged targeted rates together with other rates as for any other business sector property. However with these exceptions it would seem reasonable to not charge the Utility infrastructure any targeted rates for Wastewater and Solid Waste services unless in the perhaps unlikely event that those services are specifically provided.

If Utilities are included in the Business Sector differential category, the benefit accruing from additional rates being levied on these properties under a capital value rating system should remain within that differential category. Given the basis of determining the amount of rates to be levied on Business Sector properties, there can be no argument for any benefit accruing to residential properties from income gained from rating of Utilities. However the inclusion of infrastructure capital values in the calculation of the Business Sector's share of rates will increase the Sector's share of rates, and therefore reduce the rates collected from other Sectors, predominantly the Residential Sector.

Rates levied on the Council's own Utilities, i.e. the Three Waters, Wastewater, Stormwater and Water, could be remitted under the Rates Remission Policy for rates on Council owned non-revenue producing properties. The rates attributable to these utilities have been excluded from the rates calculations in this report.

If Utilities (excluding the Council's own Utilities) were rated at the Business Sector rate on capital value for the 2005/2006 year, the rates levied would have amounted to approximately \$987,000 including GST.

Basis of Charging Rates on Utilities by other Local Authorities.

As a guide to assisting the Committee in determining the level of rating to be recommended to the Council, set out below are details of the bases used to charge rates on Utilities by some of those local authorities that use a capital value or annual value rating system.

Auckland Regional Council

Utilities rated at business rate, but considered to be outside any transport rates area, and not charged transport targeted rate.

Auckland City

Utilities rated at non-residential rate.

Wellington City

Utilities are rated at the commercial rate, but are not charged for stormwater or wastewater. The rate in the dollar is .977c compared with a residential rate of .414c and a commercial rate of 1.816c.

Upper Hutt City

Utilities rated at same rate as Business Sector, i.e. differential of 2.7

Hutt City

Utilities are rated ½ way between the residential and business rates in recognition of the reduced level of services drawn on by the utilities. Wastewater is levied as a Uniform Annual Charge and is not levied on utilities.

Porirua City

Utilities rated at City Centre Business Rate

Tauranga City

Utilities rated as commercial businesses. However 100% remission is given on its own utilities.

Christchurch City

Utilities rated as Business for General Rate, including wastewater. Christchurch City Council's own utilities are rated at the residential rate.

Dunedin City

Utilities are rated at the non-residential rate, but no charges for wastewater.

There is no overall consistency as to the level of rating utilities. Many of the Council's surveyed levy rates at the business rate, although some such as Wellington City and Lower Hutt City charge a rate that is mid-way between the residential and business rates. Some Councils include wastewater in their rates on utilities, and others do not.

RESOURCES

If the Committee resolves to charge the Business Sector and non-rateable properties (other than schools and kindergartens) for wastewater based on pan charges and volumetric charges for larger users, it is estimated that funding of \$300,000 would need to be provided for in the Annual Plan for 2006/2007 year if the change is to come into effect on 1 July 2007.

CONCLUSION

It is to be expected that the reaction of many, if not most ratepayers, to any proposed change to the rating system will be influenced by the impact on the rates on their own property, and the most vocal will be those whose rates will increase.

Any decision to change the current rating system should be made on the principal as to which rating system is considered fairest overall in sharing the total rate requirement between properties, and then decisions made on the best way of managing that change.

If consideration of a move to capital value rating is to proceed to consultation, decisions will be required at the February 2006 meeting of the Committee on:

- The level of rating of utilities, and which sector(s) will benefit from rates income so derived,
- The overall level of the business sector contribution to rates,
- Consideration of the impact on properties, and how the change can be managed,
- Whether further options should be considered, such as a combination of land and capital value rating as a transitional measure.

If the Committee wishes to explore the introduction of a pan charge combined with volumetric charging, funding will have to be allocated in the 2006/2007 year to enable the necessary work to be done to implement the change from 1 July 2007.

A decision is also required on the basis on which non-rateable properties are to be charged for wastewater.

Direction is sought from the Committee as to what further modelling in relation to capital value rating and charging for wastewater under a land value or capital value rating system should be prepared.

Further information, as requested by the Committee, can be brought back to the February 2006 meeting of this Committee and can be further studied at the rating workshop to be held in February 2006.

If the Committee does wish to consult on capital value rating for levying of rates for the 2006/2007 year, or changes to basis on which wastewater is charged, a decision would need to be made no later than the February 2006 meeting of the Committee. Consultation would be conducted as part of the Long Term Council Community Plan Special consultation process.

RECOMMENDATIONS

1. That the Review of Rating System report be received.
2. That the Finance and Operational Performance Committee advises what further analysis on potential changes to the rating system it requires.

Report prepared by: Colin North, Financial Analyst, Rates.



23 **FIRST QUARTER PERFORMANCE REPORT 2005/2006**

PURPOSE OF THE REPORT

The purpose of this report is to communicate the progress against the performance measures in the Annual Plan 2005/2006.

BACKGROUND

The performance measures contained in the Annual Plan 2005/2006 were established to assist the Council in monitoring its performance. In order to do this effectively, this report has been divided into nine sections that directly relate to the nine strategic platforms developed by Council in 2002. Each of the nine platforms is made up of several measurements some are gathered on a quarterly basis while others are available on an annual basis. All of the current measures have undergone analysis prior to the writing of this report. From this analysis, the measures applicable to the first quarter have been presented and assessed within the following platforms – Integrated Transport and Communication, Strong Communities, Three Waters, Sustainable Energy and Clean Air, and Zero Waste.

Each measure has been allocated a target to achieve for each quarter throughout the financial year. To date targets have been based on previous year's results with incremental increases applied, and/or in some cases regional or national expectations of achievement. As part of the Long Term Council Community Plan (LTCCP) process, all performance measures and targets are currently being reviewed as per the Local Government Act 2002. These will be presented in draft form for strategic review in February 2006.

This report has been written specifically for the first quarter (July through to September) of the 2005/2006 financial year. Its aim is to assist the Councillors in their decision making processes regarding the future strategic direction of the Council. All comments are based on sound data supplied by the units of Council (or in some cases third parties) directly involved in each measure. This report outlines the key performance issues for as many of the platforms as possible. It reviews both positive and negative trends in a justified and substantive manner.

The five Council strategic priorities each have a single measure. These are measured by an annual survey and are not included in this report.

Work is also currently being undertaken to develop a regional and national benchmarking grid for all key measurements - both internal measures as well as those with third party involvement.

STRATEGIC CONTEXT

The performance measures were designed to monitor quarterly performance in relation to the annual objectives as included in the Annual Plan. This report provides an opportunity for the Committee to review performance results and identify to assist in the identification of issues that may impact on our ability to meet targets or the overall strategic objectives.

All performance measures gathered in 2005/2006 are reported in the 2005/2006 Annual Report.

A review of all performance measures and their targets is currently underway in conjunction with the strategic review and development of Council's Long Term Council Community Plan 2006-2016. These revised measures will be introduced for the 2006/2007 financial year.

ISSUES

A163-A191

The performance results for the first quarter of 2005/2006 are summarised below, with the complete list of the first quarter results for 2005/2006 is attached at pages A163 to A191.

The key issues that were established in this report include the following:

- Despite fuel prices increasing, kilometres travelled by private motor vehicle per resident has remained at a constant level.
- There is significant disparity of internet access for those aged over 60 years and for the unemployed.
- Only a quarter of home connections to the internet are broadband.
- The number of events the Council is involved in, is continuing to increase.
- There has been a 5% increase in the number of satisfied or very satisfied residents when it comes to being involved in the Council decision making process.
- Ten new businesses have joined the environmental initiative programme run by Cleaner Production.
- Ecowater have maintained consistently low figures in wastewater generation for the past 5 years.
- Higher than expected rainfall in July has impacted on the Waitakere region with some flooding.
- The Auckland Regional Council are in the process of establishing an additional air quality monitoring site in Ceramco Park.
- An increase in price for scrap metal has seen a significant reduction in what is being recycled at the transfer station.
- The exit of a private rubbish collector has increased the market share for the Council's household bag collections.
- When benchmarked against the other councils in the Auckland Region, Waitakere City has the lowest domestic waste figure per person.

RESOURCES

The main resource being used for the development and monitoring of performance measures is staff time.

CONCLUSION

The First Quarter Performance Report 2005/2006 provides an indication of how well the Council has performed within each strategic platform during the months of July, August and September.

Of the measures analysed, it can be concluded that the Council has achieved medium term stability in many key areas such as waste and water. Kilometres travelled per resident by motor vehicle have also remained at a constant level over the past 12 months.

The social wellbeing of our residents can be seen through the continued growth of the arts and cultural events around Waitakere City, both in number and attendance. Likewise the attendance at the Massey Leisure Centre and the various Community Centres has continued to grow during this quarter.

From an environmental perspective, the Auckland Regional Council has begun to invest significantly in the monitoring of air quality. The new site in Ceramco Park offering long term monitoring capabilities for the first time in Waitakere City will assist in meeting the environmental focus of this Council. In addition, the business sector has continued to support the Cleaner Production environmental initiatives programme.

The second quarter report is expected to be presented to the Finance and Operational Performance Committee in February 2006.

RECOMMENDATION

That the First Quarter Performance Report 2005/2006 report be received.

Report prepared by: Vanessa McDonald, Strategic Planner: Monitoring.



24 REMUNERATION FOR APPOINTMENTS TO COMMITTEES AT WAITAKERE CITY

PURPOSE OF THE REPORT

The purpose of this report is to provide information and advice on remuneration for persons appointed to Standing Committees at Waitakere City Council in terms of Schedule 7 Clause 31(3) of the Local Government Act 2002 and to recommend the level of remuneration payable to a representative nominated by Te Taumata Runanga for appointment to the City Development Committee.

BACKGROUND

The Council at an Extraordinary Council meeting held on 28 November 2005 resolved that:

“The Council invite Te Taumata Runanga to nominate a representative for a Council appointment to the City Development Committee for a period of 12 months with a review regarding such appointments to be undertaken in 12 months.”

2315/2005

At that same meeting the Council also resolved:

“That the Chief Executive Officer be requested to provide a report on the fees and expenses associated with the appointment of a Member of Te Taumata Runanga to the City Development Committee.”

2317/2005

The Remuneration Authority is required to determine remuneration, allowances and expenses payable to all Elected Members, whilst having regard to:

- the need to minimise the potential for remuneration to distort the behaviour of Members.
- the need to achieve and maintain fair relativity with the levels of remuneration received elsewhere.
- the need to be fair to both the person whose remuneration is being determined and rate payers.
- the need to recruit and retain competent persons.

While the Remuneration Authority's remit is specifically in respect of remuneration and additional expenses of Elected Members, these principles apply equally in respect of Appointed Members.

STRATEGIC CONTEXT

Active Democracy is one of the Council's nine strategic platforms identified in its Long Term Council Community Plan. This platform supports involvement of citizens and Council's decision-making process through education, removing barriers, developing partnerships, improving information flows and supporting the communities own ways on interacting with the Council.

Furthermore, upholding the Treaty of Waitangi is one of Council's five strategic priorities which together with the strategic platforms comprise Council's Community Outcomes.

In addition to the Active Democracy platform and Treaty of Waitangi priority, the Council has statutory obligations to Maori under the Local Government Act 2002.

The Council is committed to increasing community participation and democratic processes. The way Elected Members are remunerated and the quantum of that remuneration will have considerable bearing on who can and who cannot dedicate the time to contribute. It has long been recognised that the role of an Elected Member (or, in this case, an Appointed Member) can require a substantial investment of time and commitment to the role, and that this commitment can make it difficult to hold down either full or part time employment. The interests of a diverse and young community such as Waitakere are unlikely to be best served should the only people involved be those who have private income available to subsidise the Council duties.

ISSUES

The Local Government Act 2002

Clause 31 of Schedule 7 of the Local Government Act 2002 provides as follows:

"(3) The Members of the Committee or Subcommittee may, but need not be, Elected Members of the Local Authority, and Local Authority or Committee may appoint to a committee or subcommittee a person who is not a member of the Local Authority or Committee if, in the opinion of the authority, that person has the skills, attributes, or knowledge, that will assist the work of that Committee or Subcommittee."

This clause provides for the appointment of non Elected Members to Committees and Subcommittees. A person appointed to a Committee or Subcommittee can be discharged by the local authority at any time (clause 31(1)). Although "Member" is defined in Section 2 to mean an Elected Member, in this context "member" extends to include any person appointed to a Committee or Subcommittee.

For most other purposes there is no distinction between Members who are elected and those who are appointed to membership of Committees and Subcommittees. For example, the provisions of the Local Authorities (Members Interests) Act 1968 apply to all Members of Committees or Subcommittees, irrespective of whether they are elected or appointed. Similarly, the provisions of the Local Government and Official Information and Meetings Act 1987 apply to all Members. A person appointed to a Committee or Subcommittee is therefore bound to comply with the provisions of Standing Orders. The only area where there is any residual uncertainty is in relation to compliance with the Code of Conduct. It is recommended that any person appointed as a Members of a committee who are not elected, be required to provide a written undertaking to comply with the requirements of the Code of Conduct. This action would remove any residual uncertainty in that regard.

The Council resolution determines the appointment of a representative of Te Taumata Runanga to the City Development Committee. Te Taumata Runanga will be asked to consider and make recommendations to the Council on a person they consider could suitably fit the role and make the contribution to the Council's decision-making processes that are desired. The Council will then determine to appoint that person at a subsequent meeting.

Payments to appointed Community and Iwi/Maori representatives on Committees are outside the indicative pool. These payments are matters that lie with the Council and are not within the Remuneration Authorities brief. Waitakere City Council has set a salary for the Chairperson of Te Taumata Runanga and meeting fees as appropriate for Appointed Members to Te Taumata and any other Committee of the Council. Any determination made by the Council on this remuneration will not affect the indicative pool established by the Remuneration Authority for Waitakere City. The percentage movement in the salary for the Chairperson of Te Taumata Runanga is the same as the movement in the salaries for Community Board Members.

RESOURCES

Additional resources will be required and have not been provided for in the current Annual Plan for the payment of salaries and/or meeting fees to Appointed Members of Committees.

Any payments will be outside the pool provided for by the Remuneration Authority and the Council would need to determine the appropriate sum or sums involved.

It is recommended that an annual salary payment of \$9,560 plus a meeting fee of \$198 per meeting be made to the appointed Member of the City Development Committee. The amount recommended to be paid to the appointed Members can be equated to about one fifth of the salary of an Elected Member and about the equivalent of a Community Board Member. Whilst the recommendation is rather arbitrary, it can be related to the work of an Elected Member. Each Elected Member should attend the City Development, Planning and Regulatory and Finance and Operational Performance Standing Committees as they are Committees of the whole Council. In addition all Elected Members should also attend the Council meeting. If attending all of those meetings that is a monthly commitment of four substantial Committees. In addition Elected Members are also appointed to Special Committees, Subcommittees and to represent the Council on outside committees. The representation role can take as much time, sometimes more, than the Council's Standing Committees. Councillors may also be appointed to a Community Board. The payment recommended therefore equates to about one fifth of that paid to an Elected Member without Chair responsibilities. It is also close to the amount paid to Community Board Members without Chair responsibilities and they also generally attend one meeting per month. A meeting allowance is included as this is the current practice with Appointed Members to Council Committees and Subcommittees.

No account has been taken of time and effort spent by Elected Members in their Wards and in performing functions on behalf of constituents.

Fees and expenses are payable in accordance with the schedule approved by the Remuneration Authority. As a Committee Member it is proposed that the appointee will be provided with an Internet connection and remote access to the Council's system. If the appointee does not have a computer that is adequate for the use required a computer will be provided for the duration of the appointment. The monthly internet charges will be paid.

Motor vehicle expenses will be reimbursed at the rates approved from time to time by the Remuneration Authority and any out of pocket business expenses approved will also be paid. The total cost of the appointment will be of the order of \$13,000 per annum.

CONCLUSION

The Local Government Act 2002 provides for the appointment of non Elected Members to Committees and Subcommittees. The Council has determined to make an appointment of a representative of Te Taumata Runanga to the City Development Committee. The Council now needs to determine the level of payments to an Appointed Committee Member.

RECOMMENDATIONS

1. That the Remuneration for Appointments to Committees at Waitakere City report be received.
2. That Council remunerate the Appointed Member to Council's City Development Committee as follows:
 - Salary \$9,560 per annum.
 - Meeting Fee \$198 per meeting.
 - Technology and allowances as per the Remuneration Authority schedule for Elected Members.

Report prepared by: Darryl Griffin, Acting Director: Corporate & Civic Services.



25 WET WASTE COLLECTION AND COMPOSTING

PURPOSE OF THE REPORT

The purpose of this report is to provide an update to the Finance and Operational Performance Committee on Wet Waste collection issues and to seek approval to implement this initiative subject to the availability of funding.

BACKGROUND

Council collects an average of 9,000 tonnes of recyclables each year via a ratepayer funded kerbside collection. Council collects an average of twenty thousand tonnes of domestic waste each year via a user pays kerbside collection.

The domestic waste collected in Waitakere is transported to the Waitakere City Council Refuse and Recycling Transfer Station (the Transfer Station) where it is transferred to a cartage truck and carted six days per week to Redvale landfill. Redvale landfill is a privately owned and operated facility located north of Waitakere City in the Rodney District, some thirty-three kilometres from the Refuse Transfer Station.

Fifty one percent, by weight, of the domestic waste volume is organic material consisting of garden clippings and kitchen food waste. The food waste component of this equates to approximately eight thousand seven hundred tonnes per year. This is currently land filled at Redvale landfill.

Council has attempted to take a very proactive approach to sustainable management of the resources and has endeavoured to look for ways to reduce the adverse environmental impacts of residential, commercial and industrial activity in the City. One of the areas where Council has made the most significant efforts towards these objectives is in respect of waste management, for example, kerbside collection and on site waste sorting and recycling.

STRATEGIC CONTEXT

Council's Waste Strategy

From the Zero Waste strategic platform the vision is:

Waitakere will be a clean and attractive city that turns all its waste into resources.

Zero waste does not mean that no rubbish will be produced. It means that we will deal with it in such a way that to the greatest extent possible, it is turned back into useful resources and not simply dumped into landfills.

Part of Solid Wastes obligation with Council is to reduce waste to landfill where feasible in accordance with appropriate best practice and in accordance with the City's Waste Management Plan (the Plan).

The Plan was adopted in 2003 and specifies, amongst other waste strategies, diversion of waste from landfill through reduction, reuse, recycling and recovery of waste. The Plan was prepared pursuant to Council's obligations under the Local Government Act 1974 and now the Local Government Act 2002.

The Plan specifies:

"By June 2003, a measurement programme to identify existing organic waste quantities will have been instituted, and targets set for diversion from disposal.

By June 2005, 55% or more of the City's green waste and collected organic waste will be composted in the In Vessel Composting Units (32% currently and restricted by the 80:20 green waste to food waste ratio required).

By June 2005, 100% of all green waste arriving at the transfer station (except that in the bag collection service) is recycled for further use."

The Plan in many ways has been mirrored, at a national level, by the National Waste Strategy (NWS). This document was released by Ministry for the Environment (MfE) and Local Government New Zealand in March 2002. This policy document aims to set realistic targets for Local Government to meet to address New Zealand's growing waste issues.

Section three of the National Waste Strategy, sets certain targets for dealing with organic wastes. These targets anticipates that ninety five percent of organic waste streams will be ultimately be diverted from landfills for a beneficial use. Target 1:

"By December 2003, all territorial local authorities will have instituted a measurement programme to identify existing organic waste quantities, and set local targets for diversion from disposal".

ISSUES

Previous Waitakere Wet Waste Collection Assessment

In the 2003/2004 year an internal project group was established to investigate the possibility of a wet waste collection. The objectives at the time are the same as current. The conclusion of this team was:

"Although the public response through the survey was a majority in support of the wet waste collection it has been determined that the timing is not right to implement the collection. Waitakere City Council currently has favourable tipping rates with Waste Management's Redvale tip and as such the additional cost of wet waste collection does not make it financially viable for the limited environmental benefit it will produce. In year 2007 landfill prices are anticipated to increase significantly in which case the financial viability of wet waste collection is more attractive and justifiable to the consumers.

The benefits of wet waste separation and recycling will be positive to the environment and it is a worthwhile initiative to pursue when the cost/benefit are in alignment."

Other Wet Waste Collection and Composting Studies

Between 2002/2003 three Territorial Local Authorities in New Zealand have trialled a separate collection of household kitchen waste. These are Christchurch City Council, which trialled a collection service in June 2002, Mackenzie District Council that has implemented a separate collection and Vessel Composting Unit composting service in May 2002 and North Shore City Council that trialled a collection of green, and food waste in 2003.

Summary of Results

Mackenzie District

In response to the closing in May 2002 of all three landfill sites in the district, the District Council established three resource recovery parks and introduced a three-bag system for household refuse collection. Clear bags are used for clean, dry recyclable materials such as paper and recyclable containers; green bags are used for compost or organic waste such kitchen scraps and black bags are used for non-recoverable waste. The collected organic waste is converted to compost. Investigation continues into including business waste, particularly restaurant waste, in the collection processing system.

Christchurch

Christchurch City Council completed a trial involving 475 households out of the 2,000 originally approached. The trial was conducted over an eight-week period and utilised 4 litre kitchen buckets with a 20 litre bucket for kerbside collection which was conducted weekly. The compost bags proved to be very successful in keeping the buckets clean and remained intact in the buckets.

North Shore

An eight-week organic waste collection trial was undertaken by the North Shore City Council in mid 2003 as part of a wider trial looking at the viability of various recycling options for the city. The purpose of the organic waste collection trial was to evaluate the effectiveness of collecting kitchen waste by itself and in combination with garden waste.

All participants in the trial were provided with a seven litre kitchen bin (unlined) and either a 45 litre MGB for kitchen scraps only or a 120 litre MGB for combined kitchen waste and green waste.

Four hundred households took part in the trial, which had a participation rate of 71%. The average contamination rate of the organic waste was very low at 0.9%. Most residents (68%) were supportive of having a permanent organic waste collection service for combined kitchen and green wastes.

Wellington

A trial using commercial food waste was run in Wellington from November 1995 to October 1996. The results of the trial concluded that large scale operations involving food waste must use an enclosed system.

Lessons Learned

From Christchurch:

- An enclosed processing facility for putrescibles material should be established in Christchurch so the material collection from a future kitchen organics collection service can be adequately processed.
- A kitchen organics collection trial should be performed during summer to assess the impact of higher temperatures on the collection system and the impact of season on the amount of material collected and on the participation. This trial should continue for a longer time to allow those involved to establish a routine and to become totally familiar with the service. Lining the buckets (with biodegradable bags, paper or plastic bags) would be crucial for the collection service to be acceptable to the public. A future trial could test a range of lining options.
- The container design needs further consideration:
 - The kitchen container should have a detachable flip-top lid to make it easier to place food scraps into it.
 - The kerbside container needs to be wide and squat, it should have an attached flip-top lid and the container needs to be a distinctive colour to stand out from the other kerbside collection containers.

Overall, the collection system used was a success, with good participation and was highly regarded by those involved. The City Council should instigate a kitchen organics collection system in Christchurch as soon as processing technologies allow.

From MacKenzie District Council

MacKenzie District Council reported that there was some initial resistance to the scheme, but persistence education over 12 months has resulted in 75-80% diversion of organics. The level of contamination in the organic waste is around 5%. MacKenzie District Council is the only one to go beyond a trial and implement a system.

International Overview of Food Waste Collection and Treatment

Different jurisdictions throughout the world are at different stages with regard to the separation of waste streams. In Germany and Holland, three-stream sorting of household waste into recyclables, organics and residual have become the norm. The drivers for the development are mainly aimed at reducing the amount of organic waste going to landfill sites. Tools used to facilitate organic kitchen waste recovery are as follows:

1. Landfill Bans

A number of European Union members have landfill bans for biodegradable waste, either planned or in place. Other countries and states of countries have various degrees of landfill bans.

2. Legislation to Separate Collection

There are some countries which have instituted separate organic collections by law, but this is most commonly placed upon state governments by national governments.

3. Overseas Organic Kitchen Waste Systems

Most systems implemented overseas require separation of the food waste and a predominantly weekly collection service.

Collection

Shared Services Domestic Collection Contract

In conjunction with the North Shore and Rodney Councils, Waitakere City Council in December 2004 signed a domestic refuse collection contract with Onyx covering a period of ten years. As part of this contract it was anticipated that a wet waste collection will be implemented and provision has been made for this based on current best practice. In addition the Contractor will provide information to Council to assist in determining service levels etc.

A) Collection Method

1. Provide each participating household with a 45 litre sealed lid kerbside container and a smaller kitchen bin. The old kerbside collection and recycling bins can be used for the kerbside purpose when fitted with a sealed lid at relatively small incremental cost (approx. \$4 per container).
2. Provide households with Biodegradable bags for use. Upon collection of each kerbside food waste bin biodegradable bags will be left with the user. Alternatively other distribution mechanisms could be assessed such as distribution through supermarkets.
3. The bags will be collected in a specialised truck on a weekly basis, utilising a suction hose to extract the bio bags from the bins. In practical terms food waste has to be collected weekly at a minimum to avoid sanitary issues.
4. This will be delivered to the Refuse and Recycling Transfer Station and turned into compost using In Vessel Compost Facilities. Responsibility for the sale of the compost will not lie with Council however it is in Councils interests to ensure that the sale/disposal is carried out in a manner which achieves the Zero Waste strategic outcomes.

B) Collection Volumes

The cost of the collection, provision of bins and bags, and Take or Pay commitment we must give our compost manufacturer, make the participation levels for any collection, and volume received, a vital consideration.

The model and collection contract assumes collection of 4,000 tonnes from Waitakere and 1,000 tonnes from North Shore. The current consent allows for up to 8,000 tonnes.

These volumes have been estimated from the results of other Councils surveys and reflect initial take up participatory levels which should occur. As noted under the background the estimated domestic wet waste volume is 8,000 tonnes for Waitakere. Collection of 4,000 tonnes is a realistic target.

Survey Results

753 Households were surveyed in July/August 2003 via a telephone survey. Of these 76% said they would be willing to participate in wet waste recycling if there was no additional cost. Residents prefer rates funding by two-to-one however despite this the majority of this group said they are still willing to participate if not rates funded.

These results do need to be treated with some caution because it has been seen in the past that when it comes to environmental issues people can over exaggerate their willingness to participate either due to a guilt factor or an empathy factor for the environment with no real commitment to participate.

Cost and Funding

A) Costs

	TARGET	NOTES
Targeted Collection (Tonnes)	4,000	A realistic assessment based on participation rates in other TLA trials
Assumptions on Participation and Requirements		
Participation Required to Generate 4,000 Tonnes		
Households Participating	19,231	Based on a household disposing of an average of two 2kg biodegradable bags per week
Biodegradable Bag and Bin Requirements		
Bag requirements per year	2,000,000	Based on an average of two biodegradable bags per household per week
Kitchen bin requirements	19,231	Based on one bin per household
Kerbside bin requirements	19,231	Based on one bin per household
<u>Year One</u>	\$	
Biodegradable Bags	300,000	Based on 15 cents per bag
Kitchen Bins	113,462	Initial purchase but includes depreciation, interest and some replacement due to attrition
Kerbside Bins	105,577	Fitting lids to the old recycle bin container but includes depreciation, interest and some replacement due to attrition
Collection	256,000	At contracted price
Processing	200,000	At estimated market price

	TARGET	NOTES
Total Direct Cost	975,038	
Grey Bag Margin Saved	(6,400)	Advantage by diverting additional grey bags from landfill that would be charged at higher landfill cost
Net Cost	968,638	
Year Two	\$	
Biodegradable Bags	300,000	Based on 15 cents per bag
Kitchen Bins	17,308	Includes depreciation, interest and some replacement due to attrition
Kerbside Bins	28,654	Includes depreciation, interest and some replacement due to attrition
Collection	256,000	At contracted price
Processing	200,000	At estimated market price
Total Direct Cost	801,962	
Grey Bag Margin Saved	(6,400)	Advantage by diverting additional grey bags from landfill that would be charged at higher landfill cost
Net Cost	795,562	

Assumptions

- Funding impact assumes no user charges for Wet Waste.
- Biobags cost 15 cents and have minimal distribution costs.
- Kitchen and Kerbside bins include depreciation and interest.
- Bin attrition is not user funded.
- The analysis assumes that the waste put out in the biodegradable bags has been diverted from grey bags and thereby will not go to landfill. By diverting these additional grey bags from landfill at a higher landfill charge (i.e. above the thousand tonne threshold) Council makes a saving.

Note: The model is keenly sensitive to the key assumptions. Such parameters as Bio-bag costs, bag volumes, weights and customer actual usage will effect the bottom line.

B) Funding and Who Pays

The funding method for wet waste collection under Council's Revenue and Funding policy is rates in the first instance for recycling initiatives. There are other options such as User Pays and part rates, part user pays. The option that will be pursued for the Wet Waste collection is funding from the proposed waste levies.

This project fits the profile of those projects that would benefit from the levies. As such there would be no charge either rates or user funded. In order to effect this there needs to be an adjustment to the Revenue and Funding Policy which can be carried out during the 2006/2016 Long Term Council Community Plan process.

Funding will therefore be sought through the fund reserves which will be established from the Waste Levies. Whilst this will not impact on ratepayers or users directly it is very likely that the waste operators will pass the levy on to users through some other mechanism. For the ratepayer, those participating in the wet waste project that are able to reduce the number of grey bags put out will save the purchase price. This saving is likely to be offset by increased charges elsewhere most probably through increased grey bag prices as the Waste operators recover the cost of the levies. Those not participating will be penalised by facing increased costs with no compensating offset.

Funding Summary

The preferred method of funding this project is from the waste levies and for those participating the financial benefits in the short to medium term will be neutral. This is due to an assumption that the waste operators will pass the cost of the levy onto other products. From a strategic point of view for zero waste to be achieved then something needs to happen in order to change consumer behaviour. If funding from the waste levies does not occur it is recommended that this project be reviewed again as other forms of funding are unlikely to be effective or persuasive in order to achieve the zero waste targets. Other forms of funding would only be affective if supporting through legislation such as landfill bands for organics, or legislation requiring separation of waste.

High Level Quadruple Bottom Line

- **Financial:** The cost in the first year is estimated to be \$968,000. After the first year it is estimated to be \$795,000 pa. The reduction is due to the start up costs being eliminated. It is anticipated that economies of scale will reduce the cost further as the volume collected increases. Economies of scale are still subjective and have not been factored into the calculations.
- **Environmental:** Although recycling wet waste has obvious positive environmental effects, such as reducing waste to landfill, there are additional negative effects that are produced. The collection of wet waste will increase the amount of truck idle time, which has the most polluting effect on the environment. Landfilling wet waste produces methane, CO₂ and leachate. These are all controlled at landfill with appropriate safety measures such as leachate ponds and methane converters. The methane is burnt to produce electricity and therefore is used for positive benefit. However this positive impact will not be enough to offset the cost of mitigating landfill by products. The wet waste project will have a positive environmental impact by reducing the amount of leachate generated at landfill in the first place.
- **Social:** Property prices for neighbouring properties of a landfill can expect their values to suffer as people are not prepared to pay top dollar to live next to a landfill. Waitakere wet waste diverted from landfill would extend the life of Redvale tip by approximately one year, from which a new tip would need to be built. Once the Redvale tip is closed a regeneration programme would reduce the cost impact on property prices. Bearing in mind the Redvale tip is in Rodney District the impact to Waitakere residents is minimal.

There may be an inconvenience factor on residents due to the extra time and effort taken to separate out the wet waste. People may claim the cost of their time is not worth the effort.

A recycling facility will create additional jobs for the City.

- **Cultural:** There are no cultural ramifications as there will be no bio-solids collected.

Implementation Timing and Method

1) Project Milestones and Timing

The two critical contracts to ensure the wet waste initiative is operationally a success is the collection contract and the Perry's contract.

The collection of the City's waste including a provision for wet waste collection has been signed with Onyx as at December 2004. There are no pre-requisites required to implement this except for the provision of notice to the contractor. This is as long as the collection method remains as the specifications noted in this report. A change will require re-negotiation.

To increase the volume of green waste and wet waste processed by Perry's, the "Take or Pay" agreement will need to be increased to 14,000 tonnes. Perry's will need nine months notice to complete installation of more "in vessel compost facilities" in accordance with the contract".

Key Milestones

Report to the Finance and Operational Performance Committee	December 2005
Legal Determination of Waste Levy	March 2006
Notification to Perry's	March 2006
Implementation of Pilot Collection	December 2006

2) Proposed Method of Implementation

Implementation will be progressive, initially beginning as a pilot to ensure the smooth operation of the project rather than through the entire City at once. The implementation plan needs further consideration and collaboration with Onyx to ensure its cost effectiveness.

Communication Strategy

There are a number of arms to the communication strategy. Internal, council and community communication needs to be considered. This document provides the Directors with the most recent project information.

Communication with Council is via Committee Agenda and there is potential to hold a workshop for Councillors to raise awareness and table issues around the wet waste programme.

The Communications Unit provided a communication strategy at the time that the pilot was being considered in 2003, for the rate payers targeting up to 10,000 households. Whilst this strategy does need review to ensure it is still current it is expected that the fundamental approach will not change. The three key objectives of this strategy are:

1. Build awareness of the costs of sending wet waste to landfill.
2. Drive successful uptake of first phase participants.
3. Ensure ongoing participation.

The plan aims to achieve these objectives by a number of marketing mediums including direct communication with participants, community communication programmes, reward schemes, billboard advertising etc.

Risks

Risk	Assessment	Implications
Contamination of the organic waste collected	This may be an opportunity for people to dispose of other than organic waste through this system. This will impact on the compost by-product and the resale value.	All waste will need to be checked at the Transfer Station for contamination.
Funding is not available through the Levies	Without this funding the wet waste collection is not cost effective.	Further funding mechanisms need to be assessed, the project will be delayed until Landfill prices escalate further, or implementation is advanced on environmental reasons only.
Perry's are unable to commit to the take or pay agreement	The "take or Pay" agreement is likely to be financially detrimental to Perry's if enforced.	It is likely that a more realistic price needs to be paid to ensure Perry's are able to succeed in this venture.
Wet Waste "take up" is lower than anticipated	Lower take up is not indicative of the survey or the councils experiences.	Onyx would not get their desired payback for their capital commitment and Council would pay Perry's under the take or Pay contract without getting the desired outcomes.

CONCLUSION

Council has a strong commitment to its zero waste platform. The public response through the survey conducted in 2003 showed a majority in support of the wet waste collection. In addition recent publicity through the western Leader has made it known that this initiative will be implemented.

Whilst the Council currently has favourable tipping rates with Waste Management's Redvale tip it is expected by the industry that in the year 2007 landfill prices will increase significantly and the escalation of prices will force the issue upon us. Ironically the favourable current landfill rates negotiated by this Council mean that the financial evaluation is not persuasive. Funding is expected to be made available for this project through the waste levies. If this funding doesn't occur then the timing of the project implementation will need further consideration.

For the ratepayer the financial impact will be neutral for those participating.

The aim of this project is to remove 4,000 tonnes from the 20,000 tonnes of domestic waste going to landfill. Whilst this initiative will remove a reasonable portion of this particular waste stream it must be noted that this is only one small part of the zero waste initiative that must be implemented to affect the outcome.

The benefits of wet waste separation and recycling will be positive to the environment and it is a worthwhile initiative to pursue strategically.

RECOMMENDATIONS

1. That the Wet Waste Collection and Composting report be received.
2. That a further report be brought back to Finance and Operational Performance Committee no later than May 2006 updating the progress of the waste levy and the impact on the Wet Waste implementation.
3. That the Finance and Operational Performance Committee break into a workshop to discuss details of the Wet Waste implementation.

Report prepared by: Stephen Drumm, Group Manager: Service Management, Jon Roscoe, Manager: Solid Waste, Carol Bergquist: Senior Analyst Environmental.



PART F - REPORTS FROM THE SUBCOMMITTEES

26 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 25 NOVEMBER 2005

1. CONTRACT NO. PK05029B - SWANSON STATION PARK DEVELOPMENT

Your Subcommittee Recommends:

That additional loan funding of \$153,103.13 (GST exclusive) be approved to complete the Swanson Station Park development.

2. CONTRACT NO. SD05001A - NEW LYNN STREETSCAPE UPGRADING STAGE 1

Your Subcommittee Recommends:

That additional loan funding of \$509,000 (GST exclusive) be approved to complete the New Lynn Streetscape Upgrading Stage 1 development.

A192 to A198

Note: The Finance and Operational Performance Committees information a copy of the Agenda report to the Tenders Subcommittee plus supplementary information is attached at pages A192 to A198.

3. OTHER MATTERS CONSIDERED

A199-A202

The Subcommittee 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 A199 to A202.

Your Subcommittee Recommends:

That the report of the meeting of the Tenders Subcommittee held on Friday, 25 November 2005 be received.

JM Clews, QSO, JP
CHAIRPERSON



PART G - PUBLIC EXCLUDED MATTERS

27 PROJECT TWIN STREAMS - PROPERTY LEASES AND PURCHASES

28 HENDERSON VINEYARDS BUSINESS CAMPUS – UNIVERSAL DRIVE EXTENSION

29 PROPERTY INVESTMENT PROPOSAL

This item will be considered in the Confidential Supplement of the agenda, and has been circulated to members separately with this agenda.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, Project Twin Streams - Property Leases and Purchases; Henderson Vineyards Business Campus - Universal Drive Extension and Property Investment Proposal.

The general subject of the matters to be considered while the public is excluded, the reason for passing this resolution in relation of the matters, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of the matters to be considered.	Reason for passing this resolution in relation to the matters.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> • Project Twin Streams - Property Leases and Purchases. • Henderson Vineyards Business Campus - Universal Drive Extension • Property Investment Proposal 	<p>The withholding of information is necessary in order to:</p> <ul style="list-style-type: none"> • enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). • enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). • enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p> <p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p> <p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

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 7(2)(i) of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public as follows:

- *The reports contain information which if released could affect the Council's negotiations.*

