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Executive Summary

Purpose of review

The purpose of the review is to assess the present governance structure of the Waitakere Regional Sports Trust (WRST) and recommend changes where appropriate. The particular focus of the report is on desirable future governance arrangements for the recently constructed stadium.

Key issues

With the completion of the development phase of the stadium further consideration of the most appropriate future governance arrangements for the various activities undertaken by the WRST is needed. The Trust has already taken interim steps to adapt its governance to recognise, among other things, the need for different skill sets and accountability arrangements now that the stadium is operational. Some of these steps have been of concern to the Waitakere City Council, which understandably, given the Stadium complex was approximately 45% cent funded by the Council, wishes to ensure effective delivery of agreed community outcomes.

Equally, the respective executive committees of WRST are concerned to ensure that appropriate structures and accountability arrangements are in place to maximise the potential of the Trusts Stadium, and to build on the considerable work by Sport Waitakere to regain credibility with its main stakeholders, and to increase the level of funding to that organisation.

Looking to the future, there is undue complexity and significant risk in the current governance arrangements. Greater focus and transparency is required and attention should be paid to evolving governance practices to 'best practice' standards.

The various parties involved have acknowledged the importance of more clearly defining roles and responsibilities, and accountabilities to key internal and external stakeholders (e.g. through clear lines of command and communication).

Principal Conclusion

The stadium and 'sports' businesses are sufficiently different that a separate, dedicated, governance and management focus is required for each.

Principal Recommendation

Of the four alternative structural options evaluated, it is recommended that the stadium business be placed into a separate structure outside the present WRST. It should have its own board and management structure. The new stadium entity should also have:

- Board membership and board leadership tailored specifically to its particular responsibilities and to stakeholder expectations.
- An electoral college (representing WCC, sporting and community interests) responsible for the selection (and oversight of the performance of) members of the board. The same process should apply to the WRST.
- A relationship with key stakeholders like the WCC conducted on an 'arms-length' basis through transparent contractual processes.

1 Introduction

This report has been prepared by BoardWorks International for both the Waitakere City Council (WCC) and the Waitakere Regional Sports Trust (WRST). An initial draft was prepared in December 2004 and a final, updated report, in May 2005.

The purpose of the report is to assess the present governance arrangements for the Waitakere Regional Sports Trust and recommend changes where appropriate.

1.1 The Brief and Research Methodology

The WCC and the WRST agreed the following broad process for the governance review as per the Memorandum of Understanding (29 September 2004).

- 1 Identify the main issues of concern;
- 2 Identify the main outcomes each of the major parties seek;
- 3 Establish key decision-making criteria based on 1 and 2 above;
- 4 Identify structural and governance options;
- 5 Using the key criteria in 3 above, identify the preferred option;
- 6 Having established the preferred option, determine the key changes now required (for example structural, representation, contractual board performance review etc).

The major parties were defined as:

- Waitakere City Council (WCC)
- Waitakere Regional Sports Trust (WRST), including:
 - The Trusts Stadium Committee (TSC)
 - The Sport Waitakere Committee (SWC)
- Sport and Recreation New Zealand (SPARC)

Nominated representatives of each of these groups were interviewed by BoardWorks International personnel (Graeme Nahkies, Director, or Tony Hased, Associate). In the case of the WCC this included both elected members and senior executives. In addition to TSC members the Chief Executive (Designate) of the Trusts Stadium was interviewed. Interviews were also conducted with three former members of the Waitakere Sports Complex Development Board (WSCDB), now superseded by the TSC. A total of 16 interviews were conducted (see Appendix 1).

In addition, a range of documents relating to the structure of the WRST was examined (for a list see Appendix 2).

1.2 Terminology

For the sake of simplicity the terms 'sports trust business' and 'stadium business' are used to refer to the two core functions of the WRST. The former relates to sport and recreation programmes designed to promote physical activity and health in the community. The latter relates to the operation and management of the new 'indoor facility'.

1.3 Background

The WRST is responsible for managing the recently constructed Trusts Stadium. The WRST is also responsible for delivery of programmes funded by Sport and Recreation New Zealand (SPARC) and the WCC. These are aimed at increasing community participation and awareness in a variety of community and leisure activities.

The Trusts Stadium is a state-of-the-art sports and events venue built to provide Waitakere City residents with sport, recreation and leisure opportunities. Critical to the successful funding and completion of the Trusts Stadium was the partnership approach requiring not only the commitment of WCC but other funding organisations including the ASB Charitable Trust, the two local Licensing Trusts and a significant effort by WRST doing the "hard yards" in respect of fundraising.

The completed stadium is owned by WRST and is situated on the WCC Leisure Precinct on Central Park Drive on land leased from the WCC (for a nominal amount).

The total cost of the stadium project was approximately \$28,000,000. It was a remarkable achievement that the WRST was able to open the stadium debt free in September 2004. The WRST's fund raising contributed over \$15m to the development of the project and the Trusts are continuing to support it operationally.

The WCC also made a significant investment in the development of the stadium with total capital contributions of \$12,470,000 and the Council is providing an increasing annual operating assistance grant. Because of this, the WCC has an understandable expectation that the various WRST activities will contribute significantly to WCC's strategic outcomes.¹ The WCC's interest in the Trusts Stadium is connected to a range of key strategies, including urban and rural villages, strong communities and first call for children. In particular, it reflects the WCC's leisure strategy which is aimed at:

- promoting a regional centre for leisure and major sporting competitions,
- building on the strength and variety of existing cultural and recreational facilities,
- developing a city identity,
- expanding development and promotion of programmes for youth in the community, and
- developing facilities which cater for casual users and which provide a range of activities in one place.

¹ Note: the Trusts Stadium is not a Council Controlled Organisation or Council Organisation as defined by the Local Government Act 2002

Schedule B of the Waitakere City Leisure Precinct Sports Complex Charter states:

“The principal objective of the Sports Complex is to serve the wider Waitakere community as a key multi-purpose venue for the local community to host sporting, leisure, trade and cultural activities and events.

To meet the principal objective, the Sports Complex will be used to seek to achieve the following ancillary objectives:

- *provide a comprehensive range of leisure, recreation, sports, trade and cultural services, facilities and activities.*
- *maintain and increase community participation in leisure, sports, recreational, trade and cultural activities.*
- *be accessible and affordable to the wider community of Waitakere City.*
- *support professional and specialist delivery of city-wide programmes and events and strengthen partnerships with other leisure, sports, recreational, trade and cultural activity providers in the City.*
- *create a sense of ownership of the Sports Complex by the wider community of Waitakere City.*
- *provide facilities and activities that are responsive to changing demands of the wider community.*
- *be managed in a financially sustainable manner that not only maintains but also continuously develops the asset.*
- *provide a high level of customer satisfaction to the users.*
- *Provide a leading venue for major regional sport and cultural indoor events.”*

The Waitakere City Leisure Precinct Sports Complex Charter document was signed in 2002 by the following parties:

- WCC;
- WRST;
- Waitakere City Rugby and Athletic Sports Trust (RA Trust);
- Waitakere City Rugby Football and Sports Club Inc;
- Waitakere City Athletic Club Inc.

The Charter contains a number of legal agreements relating to leases, sub-leases, and licences. It also sets out management and governance agreements, and most importantly, the community objectives which underpin the development of the complex.

The Charter also supports two committees, the Waitakere Sports Complex Development Board (WSCDB) and the Leisure Precinct Co-ordination Working Group (LPCWG). While neither of these committees is a legal entity in its own right, each can contractually bind the WRST within their delegated authorities. Each has been created to manage defined aspects of the project, precinct and service delivery of sport and recreation programmes.

The initial composition of the WSCDB attempted to reflect the need for experience with major facility construction, and for networking contacts and influence with key financial and resource supporters. In practice, however, it was difficult to achieve the appropriate balance of skill set and experience from within the community and at the same time avoiding potential for conflict of interest. For example, some board members representing particular sporting interests were said to find it difficult to acknowledge the wider objectives that the board as a whole was required to take into account.

The Charter was quite clear that once the construction phase of the Sports Complex was complete a different set of skills and experience would be required. It identified these as:

- Leisure facility governance;
- Strategic analysis of the development of sport and leisure;
- Professional management of the Sports Complex;
- The ability to consider the wider sport/leisure needs of Waitakere City together with user affordability, and the objectives of the WCC and the Trust.

During the development phase, a number of issues that arose called into question the appropriateness of the WRST's governance arrangements. For example, the Trust resolved in June 2004 to remove much operational accountability from the WSCDB. These changes were in conflict with the Charter, and also removed the WCC's influence through its membership of the WSCDB.

When the WSCDB began to negotiate with key user groups, a further issue emerged. This was the conflict of interest that arose because representatives of some of the user groups also sat on the WSCDB.

External stakeholder expectations are also important. SPARC has made clear its view that clear separation is needed between the operation of the stadium and the Trust's delivery of Sport and Recreation New Zealand funded programmes.

On the basis there would be an independent review of the preferred governance structure for the WRST, the WCC supported a transitional arrangement involving two 'executive committees' of the Trust:

- TSC (the Trusts Stadium Committee)
- SWC (the Sport Waitakere Committee)

The TSC effectively took over the role of the original WSCDB which ceased on 1 October 2004. It is focused on the overview of the operations and management of the Trusts Stadium.

The role of the SWC (reflecting the trading name of the WRST) is to overview the operations and management of the sports trust business. In particular, it undertakes strategic analysis and the development of sport and recreation within Waitakere City generally.

Both committees have been required to conduct their meetings in the same way as if they had adopted WCC's standing orders. Any procurement processes are in accordance with WCC's procurement policies and procedures.

Should, following the completion of this review, there be a disagreement between the Trust and WCC about the most appropriate governance model for the future, the structure will 'default' to the Development Board model as outlined in the July 2002 Charter. This default option has, therefore, been evaluated along with other identified options.

2 The Main Governance Issues

The following issues were identified during this review.

2.1 Structural Complexity and Uncertainty

2.1.1 The Waitakere Stadium Sports Complex

There is fragmentation of ownership and control. Physically the 'stadium' complex consists of a number of different elements:

- the indoor facility (and within that the basement level relating to the rugby/athletic club facilities, changing rooms, weightlifting and the indoor track)
- the stadium
- the all weather athletic track (AWAT)
- the sports fields
- the car parks
- the changing rooms etc
- the underlying land

Each is under separate governance and/or arrangements involving:

- the WCC
- LPCWG
- WRST/WSCDB
- Rugby/athletic clubs
- other user groups (e.g. the Breakers, Diamonds, Basketball, Netball etc)

This requires a complex set of agreements and lease arrangements. It would seem sensible in the long-term to bring the management, if not the ownership, of the entire complex (indoor facility, sports fields, AWAT and car-parking), under one entity. This report does not recommend that happen in the foreseeable future but the possible synergies warrant further investigation.

2.1.2 The Trust Deed

In the course of this review, reference was made to a number of legal documents (see Appendix 2). The WCC was relying on a signed version of the Trust Deed dated 3 May 1993. However, this was never registered as subsequent amendments to the Deed appear to be modifications of the earlier document (26 September 1991).

This means there is potential for uncertainty regarding the governance structure and important associated matters (e.g. board member tenure). While these issues would have been of no particular significance or concern during the construction of the stadium, when the focus was on 'getting things done', these are important matters to clarify for the future.

The latest variation to the Trust Deed dated 27 August 2001 covers the appointment of an Executive Committee, which in fact became the WSCDB. This amendment was lodged and registered on 3 October 2001 and forms part of those documents which are required to be consolidated into one Trust Deed.

2.2 Historical Performance

In terms of performance, the WRST was during 2003 the lowest ranked of the 17 RSTs. In July 2004 SPARC served the WRST a breach notice in relation to its contracted delivery of SPARC funded programmes.

In the context of this review it is relevant that some of those interviewed attributed concerns about under-performance in part to the 'distraction' of developing the stadium. Four members of WRST were also on the Development Board. It would not have been surprising, therefore, had there been a diversion of attention away from the governance of the WRST.²

Recently, however, a major effort has been made to improve this situation. Many of the problems perceived by SPARC have now been overcome. The SPARC audit is now completed and WRST has been cleared for full operation including three year funding.

The Trust has had a succession of Chief Executives. This has contributed to a perceived lack of adequate reporting. It should be noted however that the WRST annual audits have not raised any significant concerns. In other respects as well, standards of governance that are now generally expected of regional sports trusts have not been met. (See Section 2.4)

These difficulties led some interview subjects to question whether the stadium should be so closely linked to an RST with that type of history.

2.3 Functional Incompatibility

There is a range of concerns about possible/probable tension or conflict arising from the differences in financial and functional requirements and in risk profiles between the stadium and the sports trust businesses.

The **sports trust business** is primarily about facilitating the delivery of a range of programs, largely publicly funded, in pursuit of public policy objectives (both central and local government) related to community participation and public health. Its activities are largely people intensive, "grassroots" sport and recreation-type activities conducted in a geographically distributed manner around the West Auckland region. These focus on participation, sport development, club development, and a 'consulting service'. These are intended to build a more active, healthier community. Capital costs are low and operating costs are generally covered by fully funded programs.

The risks associated with this activity are relatively low in financial, market competition and political terms.

The **stadium business** is primarily about the operation and management of a high profile facility. Its activities are based on the utilisation of a very valuable capital asset and are facility-focused on one site. Not all the activities that will be conducted in the stadium are related to the sports and recreation function (the stadium has been designed for multiple use including non-sporting events such as commercial exhibitions, conferences, entertainment, etc.).

² It is understood that a range of governance development initiatives were being developed under the guidance of the former Chairman until his untimely death.

Both the quality and capability of the facility, and the relative absence of similar facilities elsewhere in Auckland suggest that it will serve an Auckland-wide and even national market. Because of its size, scope and financial imperatives the stadium will undoubtedly need to hold major events as well as accommodating lower key local user groups.

While development costs have been met by various institutions and benefactors, operating costs will be significant. For facilities like this it is generally easier to fund the initial capital cost than ongoing operating costs. The WCC is paying a contribution towards the annual operating costs (currently \$250,000 and subject to WCC annual plan approval increases to \$475,000 in 2005/06), and part of the Lion Foundation's \$150,000 contribution to the development will subsidise user charges in the early stages. The two licensing trusts are contributing \$200,000 towards operational costs in 2004 and a further \$200,000 in 2005. The need to strike a balance between the level of commercial revenue, wide community access and ratepayer funding will be a key challenge for the Board.

Risks associated with the operation and management of the stadium are relatively high in both financial and political terms. Facilities such as this operate in a highly competitive environment - this will become even greater for the stadium as newer/better facilities are developed elsewhere.

It is conceivable that there will be significant tension at times within and between these apparently similar but competing functions. Based on similar experiences elsewhere it could be expected that a 'bums on seats' imperative could influence the use of the stadium. If the WRST were forced to focus on the commercial viability of the stadium the sports and recreation programmes and initiatives it chose to pursue may well be those designed to fill the stadium rather than those that delivered the desired/contracted outcomes (e.g. a commercial exhibition vs. a primary school basketball tournament).

There is a real risk that decision-making may be distorted in other ways. A single entity responsible for both functions (sports and stadium) may be tempted to cross-subsidise its own operation. For example, there would be pressure on the sports trust business to steer its activities towards the stadium when, at times, these might be better conducted in other locations or in other ways. The operation of a health and fitness centre is a case in point. The sports business should be free to encourage people to undertake any physical activity and, for those who are interested in health and fitness-based activities, there should be encouragement to use a wide range of facilities. For this reason the sports trust business should not own and operate a gymnasium.

Internal conflicts of interest such as these may incline key funders (e.g. SPARC) to favour a 'cleaner' supplier of sports and recreation programmes, making the WRST, as it presently operates, quite vulnerable.

Because programme delivery and facilities management are fundamentally different businesses, the governance and management challenges for each are also quite different. Under the same 'roof' one is likely to dominate the other. The West Auckland community needs both an effective regional sports trust *and* a strongly performing stadium.

It follows that each business requires a different skill set and a different focus of attention (See also Board Composition, Section 2.5). In particular, the traditional skill sets/competencies and organisational culture of a regional sports trust do not traditionally lie towards the commercial operating mode the stadium will need to adopt.

It could pose significant risks to the policy objectives of major funders if these incompatibilities were left to be resolved by a single governing body sitting over both functions. It is desirable that these or any other inherent tensions between the two types of business be dealt with in a manner that is transparent and consistent with stakeholders' reasonable expectations about accountability.

It is critical to on-going community and funder support and confidence to ensure that the governance of both functions is free of undue influence from particular users and also of any dysfunctionality that may flow from factionalism or self-interest.

To a significant degree, the formation of the two executive committees has already acknowledged that the two business streams are sufficiently different that they require a separate governance and management focus. .

2.4 Governance Structure and Processes

2.4.1 The role of the executive committees

The 2 executive committees - the Stadium Committee and the Sports Committee - appear to be a device for:

- giving greater focus and separation to the delivery of the WRST's contracted sports and recreation programmes;
- creating greater 'flexibility' of decision making for the stadium development project.

In practice however, the stadium committee, in particular, was required to undertake functions that were largely executive/operational in nature. This could be attributable primarily to chief executive performance concerns and the complete absence of a chief executive for the latter half of 2004. A consultant filled the role briefly until March this year when a permanent appointment was made.

Although the WRST is the legal entity with the power to contract etc, there have been doubts about whether it was in a position to exercise proper control over the two executive committees. In fact, the WRST - the 'mother ship' as it has been referred to - seems to exist in little more than name only except for the purposes of financial, HR and other transactions. .

The use of 'executive committees' by any governing body is generally an unsound governance design feature because:

- Depending on the degree of autonomy of such committees, they limit the ability of the governing board to exercise proper and effective control and direction.
- Their 'executive' powers confuse and detract from the governance role and conflict with the proper delegation of executive responsibility to paid staff.
- By encouraging board members to engage in operational decision making they undermine a board's ability to hold its chief executive accountable.

- They can easily create two classes of governors – those who are instrumental in key decisions and others who are excluded. This would conflict with board members' collective responsibility and create risks, not least for individual board members. For example: incomplete reporting by the Stadium Committee to its parent governing board – the WRST – would place other members of the WRST at risk.
- To the extent that the WRST parent board was in control, there would be a possible duplication of the governance function.

2.4.2 Chain of command

In giving effect to the transitional arrangements described above there is now a situation whereby the employer (WRST) has its two most senior managers not reporting to the WRST Board. There is a Chief Executive Officer of the Trusts Stadium who reports to the Stadium Committee, and a General Manager of the Sports Trust business who reports to the Sports Committee. This is not a normal chain of command and should be addressed to ensure that there is clarity of accountability.

2.4.3 Other governance systems and processes

In common with many community level organisations, the governance systems and processes used by the WRST appear, in the past, to have been somewhat rudimentary. As noted earlier there has been a focus on 'getting things done', particularly in relation to the stadium. Good process is not always a high priority when the pressure is on. As a consequence, those principally responsible for getting the stadium up and running left themselves open to criticism for the manner in which decisions relating to the stadium were made (e.g. apparently, according to some, without reference to the WRST). When reporting is also considered inadequate a perception that some may develop of there being 'secrecy', is understandable.

The SWC has been diligent in formulating a recovery plan to the extent SPARC has now cleared the operations for 3 year funding. At the time field work for this review was undertaken there was, however, no evidence of a strategic plan for the stadium yet having been developed. Now a permanent appointment has been made to the position of stadium chief executive, this is changing. This is critical if the stadium is going to successfully deal with, for example, potential conflicts over the priority to be given to different uses of the stadium.

The SWC is also beginning to address the lack of good governance systems and practices on its side of the organisation. A number of governance policies, board job descriptions, etc have been developed. Some of the expectations and practices that go along with these may need to be reflected in an up-to-date constitution. For example, a "professionally" governed and managed organisation does not need board officers such as a "Secretary" and a "Treasurer".

The governance of the stadium is likely to come under even greater pressure. Because it faces a high level of scrutiny from the WCC, sponsors, charitable trusts and others, the board responsible for the stadium business should be able to explicitly demonstrate a high standard of governance competence and a demonstrable commitment to a range of governance 'best practices'.

Clarity and effectiveness of accountability and reporting systems is essential, for example, to effective stakeholder relations. The scale and scope of the combined WRST operations and the importance of these to the community, demands that best

practice corporate disciplines be put in place to cover these and other functions. This will mean clarifying performance expectations and the rights and obligations of both businesses in relation to key stakeholders such as the WCC and SPARC.

Systems and processes must be explicit and independent of any individual personalities. The current collective accountability of the members of the WRST board for both stadium and sports committees needs to be understood and emphasised. For example, reporting back to key stakeholders like the WCC and SPARC should reflect an entity's board's considered *collective* position not just the personal views of its chairman, its chief executive, or one of its members who might coincidentally be a member of the stakeholder organisation. (Also see Stakeholder Management, Section 2.7)

In the future, governance and management roles and responsibilities must be carefully differentiated to ensure clear accountability for performance in the respective functions. What was acceptable, even necessary, in terms of board members' participation in executive decision making during the stadium development phase would be quite inappropriate in the operating phase, and with effective, professional management now in place.

Particular consideration should be given to the skills and experience required by those who will chair the two businesses going forward. The position of chairman is the most vital in any governance structure because the chairman sets the tone and has the greatest influence over board performance and governance effectiveness generally. (Also see Leadership and Succession Planning, Section 2.6).

2.5 Board Composition

2.5.1 Current arrangements

The membership of the WRST board and committees has been drawn from people in the Waitakere community. Many WRST board/committee members also fill other business and community leadership positions. Local people who have the type of experience needed to provide effective governance level leadership and stewardship are in short supply and are 'stretched' to serve the WRST. Therefore, there would be value in complementing 'the locals' by bringing in both additional governance experience and outside, possibly more detached perspectives, to the challenges facing the WRST and its component parts.

The risk of conflicts of interest is another issue to be addressed in this context. As a consequence of finding people with strong sporting and community backgrounds, there is always the potential for members of the WRST board/committees to have significant actual or perceived conflicts of interest arising from their various other interests. There is a need to proactively manage the risk that some board members might become too close to the issues to be effective in delivering effective governance.

Highlighting this fact is not to question the integrity of the individuals involved but to emphasise the difficulty of providing strong, objective detached corporate governance when key players have to juggle many different and potentially competing responsibilities. Quite possibly far too much is expected of the individuals who are willing to accept leadership positions in this community. This makes it even more important that sound corporate governance principles are applied to protect such individuals from unfair criticism.

The original 'representation' basis for board membership should, therefore, be reconsidered. To the extent that board/committee members are constitutionally or nominally representatives of particular interests or organisations there is a risk that they will take a narrow view of their involvement - one related solely to the interests of their own constituency - and take little active part in the governance process. Associated with this is the risk that the 'representative' (i.e. narrow) interests will take precedence over governors' collective responsibility to act in the best interests of the WRST and its mission as a whole. In future, board members for both businesses should generally be chosen for their competence in governing the specific entity not for which interest they represent. 'Interests' should be brought to bear on the governance process in other ways that are more structured and transparent. (See Stakeholder Management, Section 2.7)

2.5.2 Future needs

Getting the right people into governance positions requires clarity at the outset about the strategic challenges a board must address and what is to be delivered by the particular organisation. As was anticipated by the charter (see Section 1.3) this has changed markedly now that the stadium business has entered the operating phase.

Generic:

Although there are some common elements and common interests, the sports trust and stadium businesses are, ultimately, quite separate functions and the governance of each requires a different mix of competencies.

Both operations require people who can bring corporate governance experience and good disciplines to their role. This would include the skills and experience to provide effective oversight and guidance to the organisation's senior executives. It would also include the ability to recognise, acknowledge and manage personal and corporate conflicts of interest. Both functions require some members who understand the Waitakere community and can empathise with its community development and particularly its sport and recreational needs. It goes without saying that all board members should have the confidence and character to act independently of the pressures and expectations of particular constituencies. Also central to effective corporate governance is the maturity and intellectual understanding of those in governing roles. Both, but particularly the stadium business, would benefit from some 'outside' perspectives and detachment.

Ideally, to obtain a balance between experience on both boards and the need for 'new blood', there should be restrictions on the length of service. Tenure is not dealt with in either the original or amended Trust Deed. Best practice in respect to tenure is to provide for limited terms. We would suggest an initial term of three years, plus an extension for a further three years, with a final extension to, say, nine years where warranted through circumstances.

The sports trust business:

Both operations also require members with attributes that are specific to the different business streams. Because of its focus on developing sport, among the people governing the sports business there is also a need for a close relationship with schools, youth, sports clubs, etc. Connections to community and educational institutions would also be advantageous as would a link to health providers. The membership of the sports board would need to include some who have a feel for grassroots sports and physical activity. It is also important to have members who can

understand and identify with SPARC's expectations. Similarly, there is a need to have a good understanding of the WCC's interests and expectations.

The stadium business:

Within the governance of the stadium business there is a need for people with an ability to understand and to support innovative, entrepreneurial, commercial initiatives. The stadium business needs to be vibrant and energetic, fast on its feet in a competitive environment in order to pay its way. Some of its members, therefore, should have well-earned business credentials. Particular experience in legal, entertainment, and sponsorship spheres would likely be an advantage. The importance of a commercial orientation is even greater when it is recognised that, whereas the sports business is likely to have a 'funder' orientation; the stadium business must be very 'customer' focused.

Ideally, board members would also have substantial corporate governance experience to ensure, among other things, that the board is focused on the bigger picture (operating a successful stadium) avoiding the risk of 'capture' or distraction by any particular local interests, sporting code or user interests. Notwithstanding its success in delivering the stadium project, the Development Board did not always meet these requirements.

It is likely, even if commercially successful, that some element of its operating expenses will be subsidised, for example by the WCC, in acknowledgement of the community benefits it provides. Board members, therefore, also need to understand and be willing to work with local government and indeed with the broader stakeholder group (including franchise holders). The relationship with the WCC is particularly important for the stadium business. The board and chief executive must be able to give confidence to the Council through regular reporting against relevant KPIs. Part of working successfully in this environment is the ability to cope with the high profile the facility hopes to attract and the consequential level of external scrutiny (and potential political interference). The board must be able to meet the expectation the stadium will provide affordable sporting opportunities for local people while seeking the type of user opportunities (not necessarily sports related – e.g. events and conferences etc) that will ensure the facility is economically viable. Of equal importance is the confidence the stadium's governing board needs to have in terms of the requisite WCC support in the spirit of the partnership that was entered into prior to the development.

The board of the stadium business will also need the ability to work with and motivate an effective chief executive and the ability to characterise and oversee the management of risk (which is high compared to the sports trust business).

Given these board composition challenges the appointment process is critical. There would be benefit in appointing the chairman of the stadium business's board ahead of other board members so his/her experience can be utilised when making other appointments. In the long-term, however, both boards should appoint their own chairmen.

Another relevant factor is the possibility of the payment of 'directors' fees' to board members. The commercial nature of the risks involved and the calibre of the directors who are needed to successfully lead the stadium business would justify payments at a level that reflected the professionalism required. There is already a well-established practice of payments to board members of various Council Controlled Organisations throughout the region and suitable benchmarks may not be hard to find.

2.6 Board Leadership

The appointment of the chairs of the boards of the two businesses is a critical decision both in terms of their competence to lead their respective boards and their ability to set the tone for the type of relationship which is needed with key stakeholders.

Key stakeholders have expectations that the chairs of both the sports and stadium businesses will be open, inclusive and proactive in building relationships. They also expect active leadership that will provide assurance of the integrity of governance processes. Only in this way will they be confident about the security of their investment. There is also a concern that the chairmen of these businesses should be working *on* the business rather than *in* the business.

Given previous comments in this report about the challenges facing the stadium business, it will be particularly important that the chair of this board has a well-earned reputation for board leadership and commercial acumen.

Stakeholder Management

Many of those interviewed emphasised the importance of developing a high standard of relationship management between the WRST and its 2 key elements, and between those and key stakeholders such as the WCC.

The WCC has an expectation of effective reporting of results and clarity of accountability for funding and other assistance. The WCC wants certainty that it has a direct line of communication with the board and is not forced to rely on information coming to it 'second hand' in a way that makes it vulnerable to 'the rumour mill' and innuendo.

Other concerns for the WCC cover such topics as who is accountable (within the structure) for what? Who are the people on the boards and how do they get there? What is the vehicle/process for expressing its expectations to the board? How does the Council ensure that its objectives are achieved?

Because both the sports and the stadium businesses need to be accountable for the use of public funds but also need protection from political interference, there should be an agreed basis for explicit and regular communication and accountability reporting. Therefore, there is a need to flush out and agree mutual expectations, for example, between the stadium business and the WCC. For the stadium this would increase the WCC's confidence in it and thereby the consistency of political support and, possibly, the certainty of regular financial contributions.

The WCC needs to let the WRST board/committees "get on with it" but the boards need to earn the confidence of the WCC and other key stakeholders like SPARC. Because of the inherent tension in a funder/service provider relationship, it is comparatively easy to create a tense relationship but all parties need to be able to form and maintain a constructive, open and effective partnership.

Getting the WRST/stadium/WCC relationship right is a critical issue for all parties. There would be a number of risks if the WCC was to feel compelled to take a greater role as has happened with events centres elsewhere. If a local authority is perceived to have an undue influence, (which it may feel is necessary in order to protect its

investment and to provide assurance of the achievement of the relevant community outcomes) funding from other sources is put at risk. The best assurance that the WCC will not feel compelled to intervene is if the WRST/committees or their successors provide effective governance and leadership.

2.7 Other Issues?

The following are other issues or observations that, while secondary and not explored in detail here, may have a relevance to or bearing on a final conclusion.

- Changes to the governance and legal structure of the WRST could put taxation benefits at risk.
- The stadium is debt free but will have significant cash flow challenges in its early years. User charges are heavily subsidised at present by outside contributors.
- The need to maintain a marketing edge. At present the stadium has a marketing edge. It is bigger and newer than elsewhere in the Auckland region but there will soon be another one or two similar facilities.
- Regional sports trusts are very dependent on the performance of their chief executives.
- Settling in the user groups and getting them paying a realistic contribution.
- Ensuring that the impact of high profile events on community usage of the stadium is minimised
- Some people are anxious that the original charter members may not want to share the facility with others.
- A need to update the Charter following implementation of the preferred option and resolution of a number of issues referred above.

3 Main Outcomes Sought

In this section are recorded the major outcomes expected of the governance structure of the WRST and particularly the stadium as identified by the interview subjects. Where relevant, outcomes specified in the documents reviewed, are also described.

3.1 Waitakere City Council

WRST outcomes expected by interests associated with the WCC are that:

- The WRST and the WCC as a key partner, achieve a partnership relationship.
- It is a vehicle for achieving Council policy outcomes in partnership.
- It is a device for implementing the WCC's leisure strategy through partnership and consultation
- It should respect and deliver the Community Objectives for the stadium (Schedule B of the Charter). These relate to serving the wider Waitakere community as a key, multi-purpose venue for the local community to host sporting, leisure, trade and cultural activities and events. In relation to this it provides a quality venue that is well used and valued by local people who do not need any longer to go outside the City.

- Its organisation/governance structures should be transparent and accountable.
- It gives the WCC adequate control including effective reporting from the WRST/committees.
- It “protects the investment”.
- It affords effective ‘representation’ to WCC .
- The operation of the facility should at least break even financially
- The facility should be operated with a friendly, customer-focused attitude.
- There should be clarity of relationship between the WCC and the WRST and its committees, and this should be conducted with a high level of cooperation and good faith recognising the different responsibilities the WCC has.
- Those engaged in the governance of the organisation should be the right people - new, independent, and objective.
- The WCC should have the opportunity to, effectively, represent the ownership interest in the stadium as a proxy for the people of Waitakere City.
- The WCC should be directly involved in the governance of the stadium unless there is a way of ensuring that relevant outcomes can be achieved in another way (the WCC doesn’t want to be either too “hands on” or too “hands off”).
- Mutual expectations are clear and there is effective communication between the Board and the WCC.
- There are competent boards of governance whose membership reflects the relative responsibilities of each group.
- The stadium is a premier facility that is managed well with no ‘mudslinging’.
- The stadium is a catalyst for economic development in West Auckland
- The stadium puts Waitakere City on the map – it gives the city credibility.

3.2 Waitakere Regional Sports Trust

WRST outcomes expected by the trust itself:

- The opportunity to implement the “sports house” concept.
- There is a linkage between the stadium and precinct activities.
- That the stadium will afford benefits for other Trust activities – in particular it will support the development of leisure interests.

3.3 Trust Stadium Committee

Outcomes expected by the TSC:

- That the stadium should operate in the best interests of the Waitakere Community with a high level of local utilisation.
- That the stadium is not a white elephant – that there is high awareness and community satisfaction with the facility (even the fact of its existence).
- The stadium’s brightness and vitality is maintained.
- The stadium is recognised as a fantastic facility.
- That the original charter measures are achieved.
- That it be able to complete and maintain the facility.

- That it be able to deliver use at an economic level where "ordinary" people can use the stadium - i.e. that it can balance what the community can afford to subsidise with the economics of running the facility.
- That WCC funding is at an adequate level.
- That there is a close working relationship with the sports side of the business even if there were separate trusts.
- That the sports trust programs and activities constitute a significant component of the stadium's success.
- The stadium does not have to compete for the same funding with the sports trust.
- That the stadium is used also for non-sporting purposes, so that it is more than a sports facility and there is a good use of 'down time'.
- That the stadium is symbolic of a city on the move and continues to hold a high profile nationally.
- That the stadium is a leader in the provision of such facilities.
- That it can get through the next 3-5 years financially.
- That there is community buy-in and identification with the stadium especially by younger people.
- That all those associated with the governance and management of the stadium are able to become progressively more professional.

3.4 Sport Waitakere Committee

- That there is improved performance relative to other regional sports trusts (from being at the bottom of the ratings to the top quartile).
- There is a flow through of profits from the operation of the stadium.

3.5 SPARC

WRST outcomes expected by SPARC:

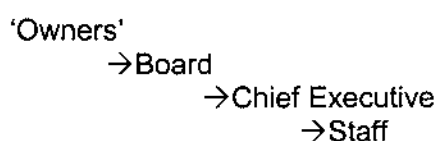
- Increased physical activity in Waitakere City – national goal increased physical activity by 5% over the next 3 years.
- Strengthened regional sports infrastructure - schools, clubs etc.
- That sport has somewhere to "work". (West Auckland sports clubs are at a disadvantage - they have no profile compared to Auckland city. The stadium gives a focus and may stop West Auckland from "emptying out".)
- The stadium is used to give the sports trust focus and a location that it didn't have before.
- That the stadium makes a big impact on the WRST programs and the achievement of generic RST outcomes.
- That it puts West Auckland on the map from a sports perspective.
- That there is clarity of accountability between the two 'management' boards.
- That the stadium not becomes dependent on WRST usage/programmes etc.

4 Key Decision-making Criteria

In this section key decision making criteria are listed. A number of these are based on best practice governance principles that should be applied to address the various issues identified in Section 2 and on the desired outcomes listed in Section 3.

4.1 Structures

The governance structures should be as simple and as clear as possible respecting a classical and widely understood unitary governance structure with a hierarchical chain of command (or sequence of principals and agents) as follows:



There should be a structural separation between the sports function and the stadium function that reflects the fundamental differences in the operations and risk profiles of the respective businesses, that facilitates a greater level governance and management focus on each, and removes any incentive (or necessity) for one function to try and 'prop-up' the other.

Within the governance structure(s) there should be a clear 'separation of powers'. Governance structures and processes should clarify roles and responsibilities, and remove any ambiguity or uncertainty from the 'chains of command'. For example, the concept of 'executive committees', that depower the governing board and undermine executive accountability, should be eliminated.

4.2 Principal Responsibilities

The sport function should be free to focus on its own programmes and responsibilities without having to structure its activities to make maximum use of the stadium. The sports function should simply be thought of as one of a number of users of the stadium – engaging with the facility when it is sensible for it to do so.

The stadium business, subject to any agreements with funders such as the WCC about the achievement of community outcomes (and the resourcing of such), should focus on operating a stadium that is functionally successful and economically viable.

4.3 Governance Practices and Processes

Given the level of governmental and community funding of both operations it should be a reasonable expectation that both sports and stadium governing bodies should actively demonstrate 'best practice' governance processes and practices and report on these accordingly.

There should be agreed processes for bringing together matters of common interest between the two business streams to achieve synergies and to avoid undue competition (e.g. for funding) or duplication (e.g. in administration).

The membership of relevant governing boards and committees should be merit-based rather than 'representative'. To the extent that it will strengthen the performance of the board(s) members should not be selected solely from Waitakere residents or related parties. Appointment processes should be open and transparent.

What constitutes 'merit' should be related to the challenges faced by the board(s). These can be expected to change over time and board membership profiles should change accordingly. Board members should not be selected primarily because of their knowledge of the business or their professional skills (although both are useful) but because of their ability to contribute to the effective *leadership* of the organisation(s) rather than its/their *operation*.

Board members should be free of significant conflicts of interest and should be explicitly selected as individuals not as 'representatives' of other interests.

Interaction with stakeholders and other relevant interest groups should be the subject of well designed and transparent processes.

Board members should be expected to reflect a wider 'ownership' perspective than could be expected from other types of stakeholders who have a specific interest in the stadium (e.g. users, funders).

Board members should be appointed for defined terms with a normal expectation of, say, a 3 year term plus a second term if desired. In exceptional circumstances this might be extended by a further term up to a maximum service of 9 years. Appointments should be rotated so that there is always a core of experienced board members to provide continuity while new members are brought on progressively to add new perspectives and fresh energy.

4.4 The Relationship of the Stadium Business with the Council

The structure(s) should allow the WCC – as the duly elected local authority - to have a significant voice in the 'ownership' dimensions of the governance of the stadium business without that business becoming a Council Controlled Organisation as envisaged in the Local Government Act 2002. It may be able to do this, in part, through a role in an electoral college appointing and overseeing the performance of the board, as well as seeking delivery of objectives through contractual means. While elected members may put themselves up for selection to the Board(s) of the preferred structure, the WCC would be well-advised, however, to avoid appointing to the board elected members of the Council or Council Officers. This would 'implicate' the Council directly in the performance of the entity and the governing board and, *inter alia*:

- compromise the Council's ability to enforce contractual and other performance expectations;
- confuse and potentially blur the line of communication between the Council and the board, by the insertion of intermediaries (i.e. Council elected or staff members on the board); and

- create an implied 'underwrite' of the entity that went beyond the arms-length funding arrangement envisaged.

The focus should be on the development of explicit performance agreements between the WCC and the stadium business – that set out an agreed accountability framework (including mutual expectations, performance indicators, reporting processes and formats, etc) and associated communication protocols.

The same principles are applicable to the Council's relationship with the sports business.

5 Structural and Governance Options

In this section the four principal alternative options are described.

5.1 Option 1: The Status Quo

The present structure is arrangement that has evolved as a pragmatic response to the development of the stadium which has, in a sense been grafted onto an existing regional sports trust structure but in a way that ensures that it is somewhat separate from the 'core' WRST sports development business.

Consequently, a two-tier structure has been created. The original WRST has become, in effect, an 'umbrella trust' that provides a legal framework but little more for two so-called executive committees that operate in many respects as distinct governing bodies with separate functional organisations (including staff) to direct and control. One of these looks after the 'original' sports business, the other the 'new' stadium business. The umbrella board is little more than nominal in a governance sense but is critical for the retention of charitable status. This arrangement creates significant risk because the legal liability for organisational performance (including solvency) remains with the 'parent' board not the two 'children'.

Were this structure to remain a number of improvements to the governance structure, processes and practices would be needed to improve its chances of operating safely and effectively. For example (but not exclusively):

- The Trust Deed should be modernised and consolidated.
- Governance systems and procedures should be overhauled and made explicit at both board and committee level (this process is already underway in the SWC).
- A single electoral college (representing WCC, sporting and community interests) should be responsible for the selection (and oversight of the performance of) members of both the WRST and the two committees.
- Board membership and board leadership should be reviewed to ensure that the parent board and its two executive committees could fulfill their respective responsibilities and stakeholder expectations.
- Employment relationships should be clarified so that the two key executives (in charge of the respective businesses) are clear as to their accountabilities and reporting lines. While they are employed by the WRST, delegations would be needed so that they could act as de facto

chief executives to the executive committees (themselves operating as de facto governing boards).

- More explicit accountability arrangements would need to be entered into with the WCC and possibly other key stakeholders.

5.2 Option 2: The 'Default Option'

The 29 September 2004 Memorandum of Understanding between the WRST and the WCC referring to the undertaking of this Governance Review notes that should, subsequently, the parties be unable to reach agreement on the most appropriate governance structure for the activities of the Trust, the structure should revert to that set out in the Charter dated 31 July 2002.

The structure is that described in the Charter as the Waitakere Sports Complex Development Board (WSCDB). The structure of that board was as follows:

- 2 appointees designated by the WCC (who may be elected members or officers of the Council or any other person considered suitable by the Council)
- 2 appointees of Sport Waitakere (who may be Trustees or employees or any other person considered suitable by the Trust)
- 2 Sports User Groups appointees
- 2 Wider Community appointees

The Charter notes that the initial board of the WSCDB is the governing body charged with the task of completing the Sports Complex. Although the Charter also acknowledges that once the Sports Complex is completed different skill sets would be required on the board, this structure has two significant weaknesses. It perpetuates the two-tiered structure referred to in Option 1 and it has a 'representative' structure.

In terms of the former the WSCDB would still be subordinate to the WRST. In terms of the latter, notwithstanding the Charter's specification of desirable requirements in appointees, the quality of board appointments lies entirely with the judgment of the 4 nominating bodies or groups. Once appointed to the board, there would be real or perceived pressure on members to contribute according to the expectations or dictates of their particular nominating body or constituency. Structures like this are frequently associated with factionalism and governance under-performance generally.

5.3 Option 3: Unitary Option

Under this option (a variation on Option 1) the board of the WRST would have unequivocal and unfettered governance of all the component parts of the present organisation. It would have a single chief executive responsible to it for all aspects of the operation of both business streams. The executive committees would cease to exist. They might be replaced by two advisory committees that would assist the board to address the complexities of two completely different types of business challenge.

Similar improvements would need to be made to governance processes and practices as set out under Option 1. In addition, very careful attention would need to be paid to the performance measures adopted for the direction of the chief executive

to ensure that trade-offs or accommodations between the two business streams were transparent and decisions made about one of the business streams were not at the expense of the other. Paradoxically, having a single board and single chief executive would both increase (by making it easier) and reduce (by integrating control) the chances of this happening.

5.4 Option 4: The Separation Option

Under this option, the stadium business would be completely separated from the WRST and placed within a stand-alone structure with its own board and management structure.

Links with the sports business would be transparent and structured according to the nature of the transactions involved. For example, if there was a desire for the two bodies to coordinate their respective strategic planning processes or their funding bids, this could be achieved through a formal agreement (e.g. M.O.U). If it was about the WRST's use of stadium facilities this would be achieved through a standard type of user agreement. In this respect, given the outcomes sought by the various parties (See Section 3), the WRST might be expected to have a form of 'favoured user' status that, within reasonable limits, would give it preference over other users.

Care would need to be taken that the form chosen for the separate stadium business did not compromise the stadium's ability to continue to operate within a charitable, tax exempt framework. Legal advice should be taken on the most appropriate structure from a legal and tax-efficiency standpoint.

The governance principles alluded to in Section 4 should be used in the design of the new entity. In addition:

- Board membership and board leadership should be reviewed on the establishment of the new entity to ensure that the board is tailored specifically to its particular responsibilities and to stakeholder expectations.
- The same Electoral College (representing WCC, sporting and community interests) should be responsible for the selection (and oversight of the performance of) members of the board as for the WRST.
- Explicit accountability arrangements should be entered into with the WCC and possibly other key stakeholders.

6 Preferred Option

After applying the decision making criteria it is recommended that the preferred option be Option 4 – the 'Separation Option'. A comparison of each of the alternatives is set out in the table in Appendix 3.

Only Option 4 meets all the criteria. It has a small but significant number of advantages over the other two options. The other two options generally fail in terms of those criteria that relate to governance structures.

Structures are important but note, however, that relatively few of the decision-making criteria relate to issues of structure. In terms of the review of governance issues

(Section 2) most relate to issues of governance processes and practices and, ultimately, the performance of the people charged with governance responsibilities. These are mostly independent of the structural options.

The parties to this review should note, therefore, that while structural changes should be made to improve the accountability of the sports and stadium businesses, the quality of the governance of these entities will ultimately depend on behavioural issues – people, the way they relate to each other, and the diligence and competence they bring to the discharge of their responsibilities.

7 Implementation

Implementation of Option 4 would at first appear to be relatively straight forward.

The profit and loss accounts of the two business streams have already been split out. It would not be difficult to create separate balance sheets. Putting the legal structure in place should also be relatively straight forward.

The major work would be in articulating the nature of the desired relationships between the different key parties – mutual expectations, communication protocols etc. This work is required to be done in any case.

To improve the governance (and performance) of the sports trust business and to establish the stadium business on a secure footing, much of what needs to be done is the conceptualisation and implementation of best practice governance principles. The Sport Waitakere Committee has already made good progress on this in relation to the sports business. A similar process in relation to the stadium business is urgent and following the February 2005 appointment of a new Chief Executive Officer progress in this regard is expected to be rapid. In a recent publication prepared by BoardWorks International for SPARC we identified 9 critical elements in the development of a high performance governance culture:

1. a clear job description
2. a board work plan
3. a custom designed agenda
4. a recast strategic plan
5. an explicit and clear performance agreement with the chief executive
6. enhanced performance monitoring by the board
7. regular reviews of the board's own performance
8. active succession planning
9. effective induction of new board members

Given the need to significantly change the approach being taken to the governance and management of the stadium business, now that it has emerged from its development phase, the opportunity should be taken not only to re-evaluate the composition and leadership of the board but the way it goes about its work.

Appendix 1 - Interviewees

WRST =	Waitakere Regional Sports Trust
WSCDB =	Waitakere Sports Complex Development Board
SW =	Sport Waitakere
Stadium =	Stadium Committee (successor to WSCDB)
WCC =	Waitakere City Council

Don Buchanan	WSCDB
Ross Dallow	WCC/WRST/stadium
Rex Davy	stadium
Val Doriing	WRST
John Dragicevich	WCC/SW
Tim Livingstone	WRST/stadium
Brent McAnulty	WRST
Harry O'Rourke	WCC
Colleen Pearson	WSCDB
Nick Schouten	SW
Carolynne Stone	WCC
Wally Thomas	WCC/stadium
Paul Thomson	stadium
Graham Wakefield	WRST
Simon Wickham	stadium
Ivan Yukich	WSCDB

Not interviewed due to unavailability – Eynon Delemere - WRST

Appendix 2 - Legal Documents

- Doc 1 Trust Deed 'Western Districts Community & Sports Foundation' establishing a registered charitable trust 26th September 1991, the Waitakere Regional Sports Trust.
- Doc 2 Trust Deed 'Waitakere Sports Trust' dated 3rd May 1993 establishing a registered charitable trust, the Waitakere Sports Trust. This deed appears to be a successor to the trust in Doc 1. This deed is signed by R. Dallow, Chairman of the Board of Trustees and certified by him as a true copy of the variations to the Waitakere Sports Trust deed
- Doc 3 Variation to Doc 1 dated 27th August 2001
- Doc 4 'Waitakere City Leisure Precinct Sports Complex Charter' establishing the relationship between the parties to the development of the Sports Complex dated 31st July 2002
- Doc 5 Excerpt from WRST meeting 23rd August 2004 minutes establishing the Sport Waitakere Committee and the Trusts Stadium Committee
- Doc 6 Memorandum of Understanding between WRST and WCC dated 29th September 2004 documenting the understanding between the parties with respect to the current governance review.

Appendix 3 - Application of Decision-making Criteria

In the following table, a simple evaluation basis is used such that a judgement has been made as to whether 'on balance' the criterion would be able to be successfully met by each option (assuming effective board performance) – yes or no.

Decision-making Criteria	Option 1	Option 2	Option 3	Option 4
1 The governance structures should be as simple and as clear as possible respecting a classical and widely understood unitary governance structure with a hierarchical chain of command (or sequence of principals and agents)	No	No	Yes	Yes
2 There should be a structural separation between the sports function and the stadium function that reflects the fundamental differences in the operations and risk profiles of the respective businesses, that facilitates a greater level governance and management focus on each, and removes any incentive (or necessity) for one function to try and 'prop-up' the other.	Yes	Yes	No	Yes
3 The sport function should be free to focus on its own programmes and responsibilities without having to structure its activities to make maximum use of the stadium. The sports function should simply be thought of as one of a number of users of the stadium – engaging with the facility when it is sensible to do so.	No	No	No	Yes
4 The stadium business, subject to any agreements with funders such as the WCC about the achievement of community outcomes (and the resourcing of such), should focus on operating a stadium that is functionally successful and economically viable	Yes	Yes	No	Yes
5 Given the level of governmental and community funding of both operations it should be a reasonable expectation that both sports and stadium governing bodies should actively demonstrate 'best practice' governance processes and practices and report on these accordingly	Yes	Yes	Yes	Yes
6 There should be explicit agreements in place between each of the key parties – particularly between the WCC and the stadium business – that set out an agreed accountability framework (including mutual expectations, performance indicators, reporting processes and formats, etc) and communication protocols	Yes	Yes	Yes	Yes
7 The structure(s) should allow the WCC – as the duly elected local authority - to have a significant voice in the 'ownership' dimensions of the governance of the stadium business without that business becoming a Council Controlled Organisation as envisaged in the Local Government Act 2002.	Yes	Yes	Yes	Yes

Decision-making Criteria	Option 1	Option 2	Option 3	Option 4
8 There should be agreed processes for bringing together matters of common interest between the two business streams to achieve synergies and to avoid undue competition (eg for funding) or duplication (eg in administration).	Yes	Yes	Yes	Yes
9 Within the governance structure(s) there should be a clear 'separation of powers'. Governance structures and processes should clarify roles and responsibilities, and remove any ambiguity or uncertainty from the 'chains of command'. For example, the concept of 'executive committees' that depower the governing board and undermine executive accountability should be eliminated.	No	No	Yes	Yes
10 The membership of relevant governing boards and committees should be merit-based rather than 'representative'. To the extent that it will strengthen the performance of the board(s) members should not be selected solely from Waitakere residents or related parties. Appointment processes should be open and transparent	Yes	No	Yes	Yes
11 What constitutes 'merit' should be related to the challenges faced by the board(s). These can be expected to change over time and board membership profiles should change accordingly. Board members should not be selected primarily because of their knowledge of the business or their professional skills (although both are useful) but because of their ability to contribute to the effective leadership rather than operation of the organisation(s).	Yes	No	Yes	Yes
12 Board members should be free of significant conflicts of interest and should be explicitly selected as individuals.	Yes	No	Yes	Yes
13 Board members should be expected to reflect a wider 'ownership' perspective than could be expected from other types of stakeholders who have a specific interest in the stadium (e.g. users, funders).	Yes	No	Yes	Yes
14 Board members should be appointed for defined terms with a normal expectation of, say, 3 years plus a second term. In exceptional circumstances this might be extended up to a maximum of 9 years. Appointments should be rotated so that there is always a core of experienced board members to provide continuity while new members are brought on progressively to add new perspectives and fresh energy.	Yes	Yes	Yes	Yes

**MINUTES OF A MEETING OF THE TENDERS SUBCOMMITTEE HELD IN THE
CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY,
ON FRIDAY, 13 MAY 2005, COMMENCING AT 9.03 AM.**

PRESENT: Councillors JM Clews, QSO, JP (Chairperson)
RI Clow (Deputy Chairperson)
Director: City Services
Director: Corporate & Civic Services
Director: Strategy & Development
Director: Quality Assurance
Director: Finance

IN ATTENDANCE: Group Manager: Asset Management
Service Manager: Parks
Project Manager: Cleaner Production
Special Projects Engineer
Contracts Manager Sports and Landscapes
Committee Secretary: D Griffin

1 APOLOGIES

835/2005

MOVED by R McLeod, seconded R Rudd:

That apologies from HV O'Rourke, J Dragicevich, A Magee and W Paki for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

836/2005

MOVED by Cr Clow, seconded R McLeod:

That the minutes of the Meeting of the Tenders Subcommittee held on Friday, 29 April 2005, as circulated, be taken as read and now be confirmed.

CARRIED

4 EXTENSION OF CONTRACT EW02 600C: WATER SUPPLY, WASTEWATER AND STORMWATER DRAINAGE FACILITIES TERM MAINTENANCE CONTRACT

837/2005

MOVED by R McLeod, seconded Cr Clow:

1. That the Extension of Contract EW02 600C: Water Supply, Wastewater and Stormwater Drainage Facilities Term Maintenance Contract report be received.
2. That the negotiated contract extensions with Techscape Limited for Contract EW02 600C: Water Supply, Wastewater and Stormwater Drainage Facilities Term Maintenance Contract in the sum of \$8,146,433 plus \$1,018,304.10 GST, totalling \$9,164,737.10 be accepted.

Ab4

3. That the commitment to the financial year 2005/2006 for Contract EW02 600C: Water Supply, Wastewater and Stormwater Drainage Facilities Term Maintenance Contract totalling \$4,322,995 plus GST be approved.
4. That the commitment to the financial year 2006/2007 for Contract EW02 600C: Water Supply, Wastewater and Stormwater Drainage Facilities Term Maintenance Contract totalling \$4,322,995 plus GST be approved.
5. That authority to extend Contract EW02 600C: Water Supply, Wastewater and Stormwater Drainage Facilities Term Maintenance Contract on behalf of Council be delegated to the Group Manager: Asset Management.

CARRIED

5 CONTRACT NO. RM04007A GAS SUPPLY - LINE CHARGES AND CONTRACT NO. RM04007B GAS SUPPLY - RETAIL CHARGES

838/2005

MOVED by R Rudd, seconded R McLeod:

1. That the Contract No. RM04007A Gas Supply - Line Charges and Contract No. RM04007B Gas Supply - Retail Charges report be received.
2. That the quotation for Offer Two from Vector Networks for Contract No. RM04007A Gas Supply - Line Charges be accepted.
3. That the contract for Contract No. RM04007A Gas Supply - Line Charges be negotiated with Vector Networks, using the contract form supplied by Vector Networks.
4. That a contract period of seven years be negotiated for the term of Contract No. RM04007A Gas Supply - Line Charges contract with Vector Networks.
5. That the commitment of funds for the 2005/2006, 2006/2007, 2007/2008, 2008/2009, 2009/2010, 2010/2011 and 2011/2012 financial years for Contract No. RM04007A Gas Supply - Line Charges be approved.
6. That the authority to enter into Contract No. RM04007A Gas Supply - Line Charges on behalf of Council be delegated to the Director: City Services.
7. That Contract No. RM04007B Gas Supply - Retail Charges be split into two parts, Contract No. RM04007B1 for West Wave only and Contract No. RM04007B2 for the remaining Council sites noted in Table 1.
8. That the tender from Genesis Power Limited for Contract No. RM04007B Gas Supply - Retail Charges be accepted.
9. That the contract for Contract No. RM04007B1 Gas Supply - Retail Charges be negotiated with Genesis Power Limited, based upon the tender submitted for West Wave only, using the contract form supplied by Genesis Power Limited.
10. That a contract period of twenty-five months, May 2005 - June 2007, be negotiated for the term of the Contract No. RM04007B1 Gas Supply - Retail Charges contract with Genesis Power Limited for West Wave only.
11. That the commitment of funds for the 2005/2006 and 2006/2007 financial years for Contract No. RM04007B1 Gas Supply - Retail Charges for West Wave be approved.
12. That the authority to enter into Contract No. RM04007B1 Gas Supply - Retail Charges on behalf of Council be delegated to the Director: City Services.

AbS

13. That the tender from The Auckland Gas Company for Contract No. RM04007B Gas Supply - Retail Charges be accepted.
14. That the contract for Contract No. RM04007B2 Gas Supply - Retail Charges be negotiated with The Auckland Gas Company, based upon the tender submitted, using the contract form supplied by The Auckland Gas Company.
15. That a contract period of twenty-five months, May 2005 - June 2007, be negotiated for the term of Contract No. RM04007B2 Gas Supply - Retail Charges contract with The Auckland Gas Company.
16. That the commitment of funds for the 2005/2006, and 2006/2007 financial years for Contract No. RM04007B2 Gas Supply - Retail Charges be approved.
17. That the authority to enter into Contract No. RM04007B2 Gas Supply - Retail Charges on behalf of Council be delegated to the Director: City Services.

CARRIED

6 WAITAKERE CENTRAL LIBRARY/UNITEC - VARIATIONS TO CONTRACTS SP02503A AND SP02503I

839/2005

MOVED by R Rudd, seconded A Pollock:

1. That the Waitakere Central Library/Unitec - Variations to Contracts SP02503A and SP02503I report be received.
2. That authority to issue the following variation orders to Contract SP02503A Waitakere Central Library/Unitec - Architectural Design Services:
 - Increase in detailed design - \$138,163.00 (comprising \$82,898.00 for Unitec and \$55,265.00 for Council);
 - Increase in Construction Monitoring - \$193,000.00 (\$115,800.00 Unitec, \$77,200.00 Council);
 - Re-design of car park building - \$85,000.00 (\$54,367.00 Unitec, \$30,633.00 Council);
 - Re-design of car park piling and foundations - \$34,800.00 (\$22,258.00 Unitec, \$12,542.00 Council).

on behalf of Council be delegated to the Director: Corporate & Civic Services, subject to written confirmation being received from Unitec New Zealand of their approval of their allocated cost share of the variations.

3. That authority to issue the following variation orders to Contract SP02503I Waitakere Central Library/Unitec - Construction:
 - Vector works - \$26,454.42 (\$15,872.65 Unitec, \$10,581.77 Council);
 - Contaminated soil - \$175,000.00 (\$105,000.00 Unitec, \$70,000.00 Council);
 - Car park handrail - \$111,861.97 (\$71,548.08 Unitec, \$40,313.89 Council);
 - Mist sprinkler system - \$128,718.17 (\$128,718.17 Council).

on behalf of Council be delegated to the Director: Corporate & Civic Services, subject to written confirmation being received from Unitec New Zealand of their approval of their allocated cost share of the variations.

Abb

CARRIED

7 CONTRACT NO. PK05003A - SPORTS PARKS PROGRAMMED MAINTENANCE

840/2005

MOVED by R McLeod, seconded Cr Clow:

1. That the Contract No. PK05003A - Sports Parks Programmed Maintenance report be received.
2. That the tender from Techscape Limited for Contract No. PK05003A - Sports Parks Programmed Maintenance in the sum of \$4,707,150.30 plus \$588,393.78 GST, totalling \$5,295,544.08 be accepted.
3. That the commitment to the 2005/2006 financial year for Contract No. PK05003A - Sports Parks Programmed Maintenance totalling \$1,784,187 plus GST be approved.
4. That the commitment to the 2006/2007 financial year for Contract No. PK05003A - Sports Parks Programmed Maintenance totalling \$1,784,187 plus GST be approved.
5. That the commitment to the 2007/2008 financial year for Contract No. PK05003A - Sports Parks Programmed Maintenance totalling \$1,784,187 plus GST be approved.
6. That authority to extend Contract No. PK05003A - Sports Parks Programmed Maintenance for a further one (1) plus one (1) plus one (1) year be delegated to the Group Manager: Asset Management.
7. That authority to enter into Contract No. PK05003A - Sports Parks Programmed Maintenance on behalf of Council be delegated to the Group Manager: Asset Management.

CARRIED

9.11 am

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

CONFIRMED AT A MEETING OF THE TENDERS
SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

A67

**MINUTES OF A MEETING OF THE TENDERS SUBCOMMITTEE HELD IN THE
CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY,
ON FRIDAY, 27 MAY 2005, COMMENCING AT 9.05 AM**

PRESENT: Councillor JM Clews, QSO, JP (Chairperson)
Director: City Services
Director: Quality Assurance
Maori Issues Manager

ALSO PRESENT: Councillor WW Flaunty, QSM, JP

IN ATTENDANCE: Group Manager: Asset Management
Manager Transport Strategy
Manager Operations Support
Special Projects Manager
Service Manager: Parks
Asset Manager: Environmental.
Project Engineer: P McDaid
Committee Administrator: S Cunningham

ALSO IN ATTENDANCE: Mr R Rowe, Techscape, Limited
Mr A Hancock, Techscape, Limited

1 APOLOGIES

877/2005

MOVED by J Dragicevich, seconded W Paki:

That apologies from Cr Clow, HV O'Rourke, A Magee, R McLeod and A Pollock for absence be received and sustained.

CARRIED

2 URGENT BUSINESS

There was no Urgent Business.

3 CONFIRMATION OF MINUTES

878/2005

MOVED by J Dragicevich, seconded Cr Clews:

That the minutes of the Meeting of the Tenders Subcommittee held on Friday, 13 May 2005, as circulated, be taken as read and now be confirmed.

CARRIED

4 APPROVAL TO EXTEND CONTRACT NO. PK 03600F - CEMETERY LANDSCAPE MAINTENANCE

879/2005

MOVED by R Rudd, seconded J Dragicevich:

1. That the Approval to Extend Contract No. PK 03600F - Cemetery Landscape Maintenance report be received.
2. That the renewal of Contract No. PK 03600F - Cemetery Landscape Maintenance for 2005/2006 to Techscape Limited for the sum of \$267,312.20 plus \$33,414.03 GST, totalling \$300,726.23 be accepted.
3. That the commitment to the Annual Plan 2005/2006 for Contract No. PK 03600F - Cemetery Landscape Maintenance in the sum of \$280,000.00 plus \$35,000.00 GST, totalling \$315,000.00 be approved.
4. That authority to extend Contract No. PK 03600F - Cemetery Landscape Maintenance for a further one (1) plus one (1) years subject to the quality of the contractor's performance and availability of funding be delegated to the Group Manager: Asset Management.

CARRIED

5 CONTRACT NO. PK 05001C - PLANT AND ANIMAL PEST MAINTENANCE

880/2005

MOVED by R Rudd, seconded J Dragicevich:

1. That the Contract No. PK 05001C - Plant and Animal Pest Maintenance report be received.
2. That the tender from Techscape Limited for Contract No. PK 05001C - Plant and Animal Pest Maintenance in the sum of \$828,881.17 plus \$103,610.15 GST, totalling \$932,491.32 be accepted.
3. That the commitment to the Annual Plan 2005/2006 for Contract No. PK 05001C - Plant and Animal Pest Maintenance in the sum of \$434,440.58 plus \$54,305.07 GST, totalling \$488,745.65 be approved
4. That the commitment to the Annual Plan 2006/2007 for Contract No. PK 05001C - Plant and Animal Pest Maintenance in the sum of \$434,440.58 plus \$54,305.07 GST, totalling \$488,745.65 be approved.
5. That authority to extend Contract No. PK 05001C - Plant and Animal Pest Maintenance for a further two (2) plus two (2) years subject to satisfactory price and performance, be delegated to the Group Manager: Asset Management.
6. That authority to enter into Contract No. PK 05001C - Plant and Animal Pest Maintenance on behalf of Council be delegated to the Group Manager: Asset Management.

CARRIED

A69

6 CONTRACT NO. SP-03-002-D - STURGES WEST COMMUNITY HOUSE

881/2005

MOVED by J Dragicevich, seconded R Rudd:

1. That the Contract No. SP-03-002-D - Sturges West Community House report be received.
2. That the tender from DJ Wood Building Contractor for Contract No. SP-03-002-D - Sturges West Community House in the sum of \$685,281.00 plus \$85,660.13 GST, totalling \$770,941.13 be accepted.
3. That a recommendation be forwarded from the Tenders Subcommittee to the Long Term Council Community Plan and Annual Plan Special Committee that \$25,146.00 plus GST be re-allocated from the 2004/2005 Capital Fund surpluses to the Sturges West Community House project.
4. That authority to enter into Contract No. SP-03-002-D - Sturges West Community House on behalf of Council be delegated to the Director: City Services.

CARRIED

7 CONTRACT NO. SP02504H - WAITAKERE CENTRAL CIVIC CENTRE - CONSTRUCTION: CONTRACT VARIATION

882/2005

MOVED by R Rudd, seconded Cr Clews:

1. That the Contract No. SP02504H - Waitakere Central Civic Centre - Construction: Contract Variation report be received.
2. That a variation for Contract No. SP02504H - Waitakere Central Civic Centre - Construction in the sum of \$177,800.00 plus \$22,225.00 GST, totalling \$200,025.00 be approved.
3. That authority to issue a contract variation in the value of \$177,800.00 excl. GST to Contract No. SP02504H - Waitakere Central Civic Centre - Construction on behalf of the Council, be delegated to the Director: City Services.
4. That authority to approve and issue future contract variations on behalf of Council to a delegated value of \$1 million for Contract No. SP02504H Waitakere Central Civic Centre - Construction, within the overall contingency sum of \$2 million, be delegated to the Director: City Services.

CARRIED

A70

8 WAITAKERE CENTRAL - HENDERSON TRANSPORT INTERCHANGE DESIGN

883/2005

MOVED by J Dragicevich, seconded R Rudd:

1. That the Waitakere Central - Henderson Transport Interchange Design report be received.
2. That the arrangements entered into with Architectus Bowes Clifford Thomson Limited for developed design, detailed design and engineer to the contract services in relation to the Waitakere Central Henderson Transport Interchange project be confirmed and authorisation be given to the Director: Strategy & Development to enter into a formal contract.
3. That the arrangements entered into with WT Partnership New Zealand Limited for quantity surveying services in relation to the Waitakere Central Henderson Transport Interchange project be confirmed and authorisation be given to the Director: Strategy & Development to enter into a formal contract.

CARRIED

9.11 am

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

CONFIRMED AT AN ORDINARY MEETING OF THE
TENDERS SUBCOMMITTEE HELD ON

DATE:.....

CHAIRPERSON:.....

A71