

**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, 10 APRIL 2006,
COMMENCING AT 9.30 AM.**

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
<u>PART A - OPENING OF MEETING</u>	1
1 APOLOGIES	1
2 URGENT BUSINESS	1
3 CONFIRMATION OF MINUTES	1
<u>PART B - LEGAL AND CONSTITUTIONAL</u>	2
4 AFFIXATION OF COMMON SEAL	2
<u>PART C - FINANCE</u>	3
5 OPERATING AND CAPITAL EXPENDITURE SUMMARIES	3
6 STATUS OF SPECIAL FUNDS	4
7 BORROWING AND INVESTMENT REPORT	5
8 PAYMENTS FOR APPROVAL	7
<u>PART D - GENERAL</u>	8
9 SINKING FUND COMMISSIONERS 30 JUNE 2005 FINANCIAL STATEMENTS	8
10 PROPOSED LEASES TO CITIZENS ADVICE BUREAUX	9
11 WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES 2006/2007 DRAFT STATEMENTS OF INTENT	11
12 TRUSTS STADIUM PERFORMANCE REPORT 1 JULY 2005 - 31 OCTOBER 2005	13
13 SPORT WAITAKERE - PASIFIKA GAMES 2006	16
<u>PART E - REPORTS FROM THE SUBCOMMITTEES</u>	20
14 TENDERS SUBCOMMITTEE	20

**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, 10 APRIL 2006,
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, 13 March 2006

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 13 March 2006, as circulated, be taken as read and now be confirmed.



PART B - LEGAL AND CONSTITUTIONAL

4 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 6 to 31 March 2006

N°	NAME	PARTICULARS
3600	WCC – ID & FT Burfitt	Release encumbrance – 10 Culperry Street, Glendene
3601	WCC – Watermark Properties Ltd	Drainage easement in gross – CT.241638 – 16 Neil Avenue – SPW 22420
3602	WCC – West Auckland Residential Developments Ltd	Drainage easement in gross – CT.218427 – 166 McLeod Road – SPW 22417
3603	WCC – West Auckland Residential Developments Ltd	Water Supply easement in gross – CTs.218427 and 218428 – 166 McLeod Road – SPW 22417
3604	WCC – West Auckland Residential Developments Ltd	Pedestrian Right-of-Way and Street Light Maintenance – CTs.218427 and 218484 – 166 McLeod Road – SPW 22417
3605	WCC – West Auckland Residential Developments Ltd	Pedestrian Right-of-Way and Street Light Maintenance – CT.130554 – 166 McLeod Road – SPW 22417
3606	WCC – Waitakere Pacific Arts & Cultural Trust	Funding Agreement 1/7/2005 – 30/6/2006
3607	WCC – Shelter Homes Ltd	Drainage easement in gross – CT.262925 – 13 Withers Road – SPW 22334
3608	WCC – Sacred Lodge Investments Ltd	Memorandum of Encroachment – road encroachment – 49B, 49C and 49 Rua Road – SPW 21385
3609	WCC	Consent of caveator under Caveat 6518133.1 to registration of Mortgage in favour of Marac Finance - Sovereign Yachts - CT.134C/260
3610	WCC – Hudson Bay Holdings Ltd and Marac Finance Limited	Deed of Priority of Mortgages
3611	WCC – CJ & SJ Whiting	Drainage easement in gross – CT.242213 – 3 Kamara Road and 384A West Coast Road – SPW 22489
3612	WCC – LG, AR & AL Trainor	Drainage easement in gross – CT.242214 – 3 Kamara Road and 384A West Coast Road – SPW 22489
3613	WCC – Huw Hill-Male	Warrant of Appointment & Evidence of Identity – WCC No.009 (Replacement – lost previous one)
3614	WCC – Jasmine Gillespie-Gray	Warrant of Appointment & Evidence of Identity – WCC No.225
3615	WCC – TB & CE Innes	Drainage easement in gross – CTs.256693 & 256694 – 16 & 18 Netherlands Avenue – SPW 22263
3616	WCC – BN Collard, GT Collard & RJ McMath	Consent as land charge-holder under land charge C151994.1 to Transfer re CT.NA77B/52
3617	WCC	Withdrawal of Caveat C280714.5 from CT.NA1370/56 – 100 Christian Road
3618	WCC – Violet Papali'i	Drainage easement in gross – CT.261564 – 37 Awaroa Road – SPW 22521

Nº	NAME	PARTICULARS
3619	WCC – PreethiPree Enterprises	Consent to assignment of sub-lease – 271 West Coast Road – Standing Orders 442
3620	WCC – Waitakere City Holdings Ltd	Deed relating to a Tax Subvention Payment – dated 30/3/2006
3621	WCC – H Singh & R Third	Drainage easement in gross – CTs.218920 & 218921 – 62 Glendene Avenue – RMA 20042484
3622	WCC – H Singh & R Third	Fencing Agreement – CT.218920 – 62 Glendene Avenue – RMA 20042484
3623	WCC – PD & KG MacEwen	Drainage easement in gross – CTs.225330, 225328 & 225329 – 20 Bayside Avenue – SPW 22174
3624	WCC – Mishaela Holdings Ltd	Deed of Waiver under s.40 Public Works Act – 69 Routley Drive – Resolution 1348/2005

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 C - FINANCE

5 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

A1 This report covers expenditure for the eight months to 28 February 2006. The financial summaries are attached on page A1.

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

CONCLUSION

Expenditure for the 8 months to 28 February 2006 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.



6 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

A2 The Special Fund report is separated into restricted and non-restricted funds. The balances and summary transactions for the eight months ended 28 February 2006 are attached at page A2.

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

CONCLUSION

Special Funds are being held or designated for a specific purpose or purposes. The 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.



7 **BORROWING AND INVESTMENT REPORT**

PURPOSE OF THE REPORT

The purpose of this report is to provide the Finance and Operational Performance Committee with an update on the estimated borrowing and investment activity for February 2006.

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.

A3-A8

The relevant portfolio and graphs reflect the estimated position as at 28 February 2006 and are attached at pages A3 to A8.

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 A+ long term (stable).

ESTIMATED SUMMARY OF BORROWING AND INVESTMENT MOVEMENTS TO FEBRUARY 2006

Council's estimated gross term debt position has increased by \$6.401 million since January 2006, with an estimated closing balance at February month end of \$211.164 million. Estimated working capital borrowings of \$3.610 million as at 28 February 2006 have been funded using internal borrowing.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING FEBRUARY 2006

There were no significant funding transactions undertaken in February 2006.

FINANCIAL MARKET COMMENTARY

Market Overview

At the Monetary Policy Statement released by the Reserve Bank of New Zealand on 9 March 2006, Governor Allan Bollard left the Official Cash Rate on hold at 7.25%. With his decision to keep the Official Cash Rate on hold, he released the following statement:

"Recent data have confirmed our earlier view that economic growth is slowing. Business activity and confidence have been softening for some time. On the other hand, household spending has only recently started to wane. A key driver of strong household spending has been the buoyant housing market which, while showing signs of cooling, still remains very active. Over the next two years, we expect overall growth to remain subdued while a major rebalancing takes place, with a recovery in net exports as domestic demand weakens. A decline in the New Zealand dollar exchange rate is expected to play a role in this rebalancing.

Despite the slower growth, inflation and cost pressures remain persistent. Labour market and resource pressures have built up over many years of high growth and will take some time to dissipate. Labour costs in particular are growing strongly, at a time when firms are finding it difficult to lift sales and productivity. Realistic wage and price setting behaviour will be an important factor determining the severity of the downturn as inflation pressures are brought under control. The other key inflation risk over the next two years remains the housing market. We need to see this market continue to slow, so that consumption moderates and helps to reduce inflation pressures.

As long as these inflation risks remain under control, we do not expect to raise interest rates again in this cycle. However, given the time that it will take to bring inflation back towards the mid-point of the target band, we do not expect to be in a position to ease policy this year. Any earlier easing would require a more rapid reduction in domestic inflation pressures than the substantial slowing already assumed in our projections."

Since the release of the Monetary Policy Statement additional data has been released that may be interpreted as evidence that the New Zealand economy is slowing, perhaps more so than the Reserve Bank of New Zealand has anticipated. With the recent release of Quarter 4 2005 Gross Domestic Product, which was weaker than financial market expectations, the New Zealand Dollar depreciated against most currencies to the low 0.60's against the US Dollar before rebounding more than a cent to the current 0.615 level. Short term interest rates have also trended downwards over the month to a current level of 7.49%.

Long term interest rates also decreased on the release of the Gross Domestic Product to a current level around 6.60%.

Up Coming Dates

Official Cash Rate Announcement - 27 April 2006

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.



8 PAYMENTS FOR APPROVAL

PURPOSE OF THE REPORT

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

BACKGROUND

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

STRATEGIC CONTEXT

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

PAYMENTS

A9-A15

A summary schedule of payments made for the period 13 January 2006 to 16 February 2006 is attached at page A9. A further schedule of all payments of \$5,000 and above, together with the reason for the payment is attached at pages A10 to A15. 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 13 January 2006 to 16 February 2006. Payments have been provided for in accordance with approved budgets.

RECOMMENDATIONS

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

Report prepared by: Andrew Pollock, Director: Finance.



PART D - GENERAL

9 SINKING FUND COMMISSIONERS 30 JUNE 2005 FINANCIAL STATEMENTS

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the audited financial statements of the Sinking Fund Commissioners for the year ended 30 June 2005.

BACKGROUND

Sinking Funds were a requirement of the Local Authority Loans Act, which was repealed with effect from 1 July 1998. There is no statutory requirement for the Sinking Fund Commissioners to continue, though Council has resolved that the sinking funds relating to debt raised prior to 1 July 1998 should continue to be administered by the Commissioners. Any monies collected to repay debt issued after 1 July 1998 is administered through the Council's Liability Management and Investment Policy. The administration of the Sinking Funds by the Commissioners is expected to cease in 2007.

STRATEGIC CONTEXT

The Liability Management and Investment Policy governs the management of the sinking fund investments. More specifically, under Section 5.1.3 of the Policy, the following points illustrate the management of the investments:

- The Council is not required to use sinking funds as a mechanism for loan repayments. The minimum required contribution will be maintained until the settlement of debt raised prior to 1 July 1998;
- A statement of sinking funds is prepared half yearly and annually by the Sinking Fund Commissioners;
- The Sinking Fund Commissioners, if they choose to maintain cash investments, will manage those investments as per the following investment policy and within the prescribed credit limits outlined in Section 5.3 of this policy document;
- Given that the Council will be a net borrower for the remaining life of the existing sinking funds, the sinking funds should be either invested in short term bank deposits and be maturity matched with equivalent borrowings, or invested within Council in accordance with Section 299 of the Local Government Act 2002.

ISSUES

The annual audit of the Sinking Fund Commissioners was recently conducted by Audit New Zealand, with no matters or irregularities reported.

With the introduction of the Local Government Act 2002, the Sinking Fund Commissioners can now legally invest the sinking fund investment into Council. This provision was also included in the Council's Liability Management and Investment Policy, and adopted during the Long Term Council Community Plan. The Commissioners agreed, at their meeting held on 16 October 2003 that this position was acceptable. However, the funds remain as liquid investments at this time.

A16-A27

Attached at pages A16 to A27 are the audited financial statements for the year ended 30 June 2005, including the audit report on behalf of the Auditor-General.

CONCLUSION

The Sinking Fund Commissioners financial statements for the year ended 30 June 2005 have been completed and audited with no issues reported.

RECOMMENDATION

That the Sinking Fund Commissioners 30 June 2005 Financial Statements report be received.

Report prepared by: Bruce Wilkin, Treasury Manager.



10 PROPOSED LEASES TO CITIZENS ADVICE BUREAUX

PURPOSE OF THE REPORT

The purpose of this report is to seek the Finance and Operational Performance Committee's approval to the leasing of premises for the Massey, Glen Eden, New Lynn and Henderson Citizens Advice Bureaux.

BACKGROUND

The Council has for many years leased premises to the Citizens Advice Bureaux within the City. It had been found to be advantageous to grant leases within Council's Library premises and consequent upon the several newly constructed Library premises being completed or almost completed, it is proposed to grant new leases on the standard Auckland District Law Society form to all four Citizens Advice Bureaux.

STRATEGIC CONTEXT

The Waitakere Citizens Advice Bureaux Incorporated and Council are both information providers to the public and Council is committed to the continuation of its strategic partnership with this organisation. Council, as an owner and manager of community premises is ideally placed to provide accommodation to the Citizens Advice Bureaux and thus offer a comprehensive information service to the public contributing to the Life Long Learning priority and the Strong Communities strategic platform.

ISSUES

In view of the community service provided by the Citizens Advice Bureaux it is proposed to fix the rent at the rate of \$15,000 per site per annum plus GST and to make no charge for the tenants' share of the outgoings. This is in accordance with the Council policy document "Leasing Land or buildings from Council", which specifically provides for assistance to groups who improve access to information, education and learning opportunities for the community. Information received from Council's Library and Information Services Division indicates that the proposed rent is at a concessional rate. The term is proposed to be five years with a right of renewal for a further five years but with the lease terminable by either party upon six months' notice in writing.

LEGAL ISSUES

Council is empowered to grant leases under the general powers conferred upon local authorities under s.12 of the Local Government Act 2002.

By virtue of s.78 of the Local Government Act 2002, Council is required when making decisions to give consideration to the views and preferences of persons likely to be affected by or have an interest in the matter. In the present case it is considered that there are no persons with whom Council should consult. Section 78 of the Local Government Act 2002 permits Council to reach such a decision.

RESOURCES

The Citizens Advice Bureaux will, from their own resources, provide all furniture and equipment necessary for its operations.

Council will assist the Citizens Advice Bureaux by making no charge for the preparation of the lease documents.

CONCLUSION

The Citizens Advice Bureaux provide a useful service to the citizens of Waitakere City and it would appear to be appropriate for Council to assist by granting leases for premises from which their operations may be carried out.

RECOMMENDATIONS

1. That the Proposed Leases to Citizens Advice Bureaux report be received.
2. That the Council grant leases for terms of five years with a right of renewal for a further five years but terminable upon six months' notice in writing and at a rent of \$15,000 per annum plus GST as follows:
 - (i) to the Massey Citizens Advice Bureau Incorporated of that part of the Massey Library premises shown on the diagram attached at page A28;
 - (ii) to the Glen Eden Citizens Advice Bureau Incorporated of that part of the Glen Eden Library premises shown on the diagram attached at page A29;
 - (iii) to the New Lynn Citizens Advice Bureau Incorporated of that part of the New Lynn Library premises shown on the diagram attached at page A30;
 - (iv) to the Henderson Citizens Advice Bureau Incorporated of that part of the Henderson Library premises shown on the diagram attached at page A31.
3. That all leases be executed by Council under seal.

Report prepared by: Maurice Heatt, Solicitor.

A28-A31



11 **WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES 2006/2007 DRAFT STATEMENTS OF INTENT**

PURPOSE OF THE REPORT

The purpose of this report is to recommend changes to the 2006/2007 draft Statements of Intent in respect of Waitakere City Holdings Limited, Techscape Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board.

BACKGROUND

The Local Government Act 2002 requires that the Board of a Council Controlled Organisation must deliver to its shareholders a draft Statement of Intent on or before 1 March each year. The respective boards are required to deliver the completed Statement of Intent to the shareholders on or before 30 June each year. The draft statements were tabled and received at the 13 March 2006 meeting of this Committee and it was resolved:

“That a report be brought to the next meeting of the Finance and Operational Performance Committee with recommendations as to amendments and comments, if any, to the Statements of Intent”.

353/2006

A32-A94

The draft statements are attached at pages A32 to A94.

STRATEGIC CONTEXT

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

ISSUES

Council officers have reviewed the draft Statements of Intent for statutory compliance in accordance with Clause 9, Schedule 8 of the Local Government Act 2002, and also for alignment with Council's strategic direction.

The following amendments to the respective Statements of Intent are recommended:

Waitakere Enterprise Trust Board

- There are a number of typographical and formatting errors to be reported back for correction;
- Paragraph 12.1 - this section can be expanded to provide greater clarity on the units of Council that also contribute specifically to economic development initiatives, the boundaries that exist between the respective units and Enterprise Waitakere, and how Council ensures effective interaction between Council's units and Enterprise Waitakere;
- Schedule 1 should be entitled “draft” performance targets as the schedule does not reflect the increased funding in the draft Long Term Council Community Plan 2006-2016;
- Enterprise Waitakere will need to include additional narrative to reflect the increased activities proposed as a result of the additional funding;

- The table of objectives and activities could be more specific about the role that Enterprise Waitakere intends to play in respect of:
 - Business facilitation and investor management;
 - Involvement in the marine industry cluster;
 - Involvement in the film industry cluster.
- The accounting policies may be subject to amendment to conform to the requirements of international financial reporting standards, which will come into effect for the 2006/2007 reporting year.

Waitakere Properties Limited

There are a few minor word changes:

- The Company could be more specific in terms of projects it is working on behalf of Council, including:
 - Henderson Film Studios;
 - Hobsonville marine cluster;
 - Waitakere Central land;
 - Keeling Road;
 - New Lynn Town Centre.
- The accounting policies may be subject to amendment to conform to the requirements of international financial reporting standards, which will come into effect for the 2006/2007 reporting year.

Techscape Limited

- The introductory paragraph referring to the two shareholder Councils' intention to sell the shares in Techscape needs to change. It should reflect that both shareholding Councils resolved to commence a process for the long term tendering water services maintenance contracts with the expectation that the successful tenderer acquire the shares in the Company, but subject to both Councils final acceptance of the preferred tender;
- There is one minor word change required in respect of the current risk management standard;
- The last paragraph refers to the Board's estimate of the commercial value of the shareholders investment. Since receipt of this draft Statement of Intent, the Company's Financial Controller has advised that at a Board meeting the Directors have resolved to withdraw the current estimate of commercial value at \$4,000,000, and the note attached to that value, and have instructed management to commission an independent valuation of the commercial value of the Company. Once this has been received the Company will amend the draft Statement of Intent;
- The accounting policies may be subject to amendment to conform to the requirements of international financial reporting standards, which will come into effect for the 2006/2007 reporting year.

Waitakere City Holdings Limited

- The last performance target on page 10 referring to development of performance measures could refer to an annual evaluation by the Holding Company (in conjunction with Council officers) of the respective Boards;
- Second to last performance target on page 11 should be amended to 1 March 2007 to be consistent with the earlier performance target referred to on page 10.

CONCLUSION

The 2006/2007 draft Statements of Intent in respect of Waitakere City Holdings Limited, Techscape Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board have been reviewed by Council officers for legislative compliance and alignment with Council's strategic direction with the result that there are a number of minor issues to be referred back to the respective entities.

If any individual Councillors have any issues or comments in respect of these Statements of Intent they should now be raised and discussed with any resulting amendments agreed to by the Committee.

RECOMMENDATIONS

1. That the Waitakere City Holding Limited and Subsidiaries 2006/2007 Draft Statements of Intent report be received.
2. That the issues identified within this report be referred to the respective Council Controlled Organisations with a view to their final 2006/2007 Statements of Intent being amended accordingly.
3. That any other amendments identified and agreed to by the Finance and Operational Performance Committee be forwarded to the respective Council Controlled Organisations for inclusion in their final 2006/2007 Statements of Intent.

Report prepared by: Robert Rudd, Director: Quality Assurance.



12 TRUSTS STADIUM PERFORMANCE REPORT 1 JULY 2005 - 31 OCTOBER 2005

PURPOSE OF THE REPORT

The purpose of this report is to update the Finance and Operational Performance Committee on The Trusts Stadium's performance against their business plan and the 2005/2006 Funding Agreement between Council and The Trusts Stadium.

BACKGROUND

The Trusts Stadium (the Stadium) on Central Park drive is owned and operated by the Waitakere Regional Sports Trust. Council however, contributed over \$14 million of capital funding towards the project and provides the trust with operational grants, with \$475,000 budgeted in the 2005/2006 financial year.

Council's justification for the investment in the Stadium is to ensure community accessibility to the Stadium. A charter document exists between the Waitakere Regional Sports Trust, Council and two other partner organisations, Waitakere Rugby and Waitakere Athletics. The Charter document sets out in Schedule K the Community Objectives the Stadium is to meet and is the principle objectives of Council's contribution to the Stadium.

Council and the Stadium have signed a funding and service agreement for the 2005/2006 financial year that agrees the specific community outcomes the Stadium is to meet with Council's financial contribution.

STRATEGIC CONTEXT

Councils support for the Stadium falls under a number of key strategic platforms, namely Strong Communities, Strong Innovative Economy and Urban and Rural Villages. The Trusts Stadium provides a venue for active and passive recreation, contributes to Henderson's recreation precinct and provides a vehicle for jobs and stimulation of the local economy.

ISSUES

The report from the Stadium on performance for the first four months of the 2005/2006 financial year looks to be positive and meets most of the Key Performance Indicators as agreed by the Stadium and Council in the 2005/2006 Trusts Stadium Funding and Service Agreement.

The Stadium had 140,000 visitors in the first four months with 62,000 being community and regular users, 71,000 attending events and 7,000 users of the function centre. The annual target is 450,000 total visitors and so the stadium is ahead of the target for the first four months.

Community hire of the court space during peak times is at a premium with strong demand for the peak hour times. Principal users are Basketball and Netball with the facility used for competition games and additional users being Volleyball and Sport Waitakere for their community programmes. To help manage the peak time demand and potential conflicts the Stadium has created a booking policy to manage user hours, commercial bookings and determine a bumping procedure for major events. The Stadium management also meet regularly with key user groups to help manage the use of the courts and maintain a balance between the differing sports and other users.

4,233 total hours were available during peak times and of that 3,413 hours were available for community use, maintenance and events. 19% of the total hours (820 hours) were used for event set up and pack up and were therefore not available for use. 1,824 hours were utilised for community users across all times with Waitakere Basketball using 60% of all hours available.

The Stadium offers subsidised community rates for community users with a rate of \$35 per hour as opposed to the commercial rate of \$50 per hour and a subsidised youth rate of \$15 per hour as opposed to \$25 per hour for commercial youth rate. During July, August and September of 2005 the community rates were further subsidised by a grant from The Lion Foundation and during this time rates were \$15 for adults and \$5 for youth per hour. Regular user rates are negotiated as part of their user agreements and are dependent upon volume of use.

Events and hospitality has been a key area of success for the Stadium with a number of key local, regional, national and international events being hosted from the stadium. Events with a Waitakere focus such as Trash to Fashion, Waitakere Sports Awards and the Waitakere Business Awards had a very high local profile whilst events such as the Dewali Festival, Diamonds Netball, Silver Ferns test, Breakers Basketball, K1 boxing, David Tua fight etc. had audience appeal both nationally and internationally. Although there is a higher level of competition regionally with the completion of the Telstra Clear Pacific Events Centre in Manakau and the soon to be completed Vector Arena in Auckland City the Stadium has managed to retain key events such as K1, Dewali, Breakers Basketball and Fight for Life.

A number of additional events are being confirmed for 2006 such as Samoan Church Conference, OZTalk and the Bring It On Final. Westfield Style Pasifica and the Halberg Awards were tendered for but were lost to competitive bids. The Stadium however continues to work on marketing and attracting new events to the City. In July last year the Stadium created a new position for a Business Manager to drive the marketing and promotion of the business including Momentum.

The Stadium is tracking well financially in all areas except Momentum Gym. The stadium forecasts a budget savings of \$40,000 on core operational costs due to closer cost controls on cleaning materials, electricity, vehicle costs, insurance and recruitment. Membership growth for Momentum Gym is below expectation and at the end of October 2005 had a membership of 542 with a target of 1,200 for the year. Momentum budgeted a surplus of \$320,000 for the year, however, due to membership underachievement. Momentum will end with up to a \$25,000 deficit instead. Membership retention is doing well at 76% compared to a target of 62% and an industry average of 57%.

The climbing wall was identified as being non critical or core to the Stadium's operation based on low usage. As a result the Stadium sought expressions of interest from outside organisations wishing to rent the space. Veritech Limited won the tender and operates the wall on a rental fee basis. As previously reported to the Financial and Operational Performance Committee the crèche has now been closed.

RESOURCES

Council budgeted an operational subsidy of \$475,000 for the 2005/2006 financial year and \$475,000 is budgeted in the Long Term Council Community Plan for subsequent years.

CONCLUSION

The Stadium continues to be a key focal point for Waitakere City and has enjoyed a high profile in its first year of operations. A number of key events have contributed to the Stadium and Waitakere's profile on a national and international stage such as the David Tua fight, K1 boxing, Breakers Basketball, Diamonds Netball and Silver Ferns Test match. There have also been a number of events significant to the local people of Waitakere such as Trash to Fashion, Waitakere Sports Awards and the Waitakere Business Awards.

The Stadium after the first four months is on track to meet its annual visitor targets and enjoys good visitor numbers to events and excellent participation by users of the stadium. Netball and Basketball are the principal users of the stadium with Volleyball and Sport Waitakere for their programmes being key users also.

Although the Stadium is meeting budget in most areas, Momentum Gym is not meeting up to expectation. Membership targets are below plan along with a budgeting error has put pressure on the budgeted surplus. The Stadium is mitigating some of this with cost savings and tighter budget controls.

The climbing wall has been leased out to a third party to operate and the crèche has been closed as previously reported.

RECOMMENDATION

That the Trusts Stadium Performance Report 1 July 2005 - 31 October 2005 be received.

Report prepared by: Louis Rattray, Leisure Services Manager.



13 **SPORT WAITAKERE - PASIFIKA GAMES 2006**

PURPOSE OF THE REPORT

The purpose of this report is to provide to the Finance and Operational Performance Committee a post event summary and to recommend a review be conducted, on Council's sponsorship of the Pasifika Games, hosted by Sport Waitakere.

BACKGROUND

The Games festival started in 1993 as a Sport Waitakere initiative. The single day Games incorporated various sporting activities and provided the opportunity to promote, recognise and celebrate Pacific Island culture. The Pasifika Games were originally run in conjunction with the Living Arts Festival. However, as the festival grew a decision was made to divide the Living Arts Festival and the Games into two separate events.

Council first provided financial sponsorship to the Games in 2001. In 2002 the event grew to become a two day event with the Pacific Cup Challenge Netball Tournament being run on the additional day. Council became the major sponsor and has sponsored the Games to the sum of \$20,000 for each of the last four years.

STRATEGIC CONTEXT

Leisure activities contribute to the wellbeing of the City's residents by providing recreation opportunities that promote health and social cohesion. The Council's Leisure Strategy, Parks Strategy and Revenue and Financing Policy guide the provision of activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently. Council's strategic objective for leisure is to provide a comprehensive range of leisure, recreation and sports services.

Through the Strategic Plan Council has adopted a platform of 'Strong Communities' stating that in the next ten years Council will develop the City as a renowned hub of social activity, arts, leisure, sports and recreation.

ISSUES

Update on the Last Games held in January 2006

The Pasifika Games were held on the 21 January 2006, at Moire Park in Massey.

The event was again facilitated by Sport Waitakere, who set up a Games committee made up of people from Pacific Island groups and members from Sport Waitakere. This committee met fortnightly from October until the finish of the event.

The games were reduced from a two day to a one day event without the netball component, as the Pacific Cup Challenge tournament chose to host their tournament independently, and not as part of the Games. In the past the games were held over multiple venues, but this year they were held at one venue (Moire Park) which could accommodate all sports involved.

There were five sports involved this year, Sevens Rugby, Kilikiti, Touch Rugby, Tag and '3 on 3' basketball. Also included on the day was the main stage and for the first time a youth area, as well as many Pacific Island stalls and other information stalls.

Councillor Cooper opened the event with John Riddell and Gaylene Maurice from the Community Boards attending the opening ceremony and presenting the prizes and trophies at the prize giving.

There were six teams competing in the Sevens Rugby tournament, with matches proving very popular with the spectators. Auckland Rugby Union officiated once again and did an excellent job. The numbers of teams entered were quite considerably lower than last year and one of the reasons for that was the timing of the event as there were several other tournaments being run around the same time with considerable prize money on offer. Timing needs to be considered for future events.

Touch Rugby again proved the most popular sport of the day with ten teams entered, but this was a significant decrease from the twenty two teams entered last year. Again timing seems to be an issue with other high profile tournaments being held around the same time. Next year it is recommended that they look to hold more junior focused events, to attract larger participation numbers.

Tag had six very professional teams competing this year, representing various countries such as New Zealand, Samoa, and Niue. It was extremely well run by Tag NZ. It is recommended that they run a six nations type tournament similar to this year and also an open tournament to allow others to enter teams and participate.

Kilikiti was reintroduced to the Games but with little success. There were only four teams entered, with only two turning out on the day. Other tournaments with substantial prize money took priority for many Kilikiti teams and a review of the sport and the timing of the Games needs to be done before next years event.

The '3-on-3' basketball also had a decrease in teams entered. This year eight teams entered in three categories, Men, Women, and Junior. There were many others wanting to enter on the day but were unable to do so, which did highlight the need to have informal games or mini tournaments to accommodate the walk up teams.

This year a Youth area was organised with rock-climbing, obstacle/challenge course, and volleyball being offered. This attracted up to three hundred children throughout the day. The location of the Youth area was not ideal as it was too far away from the main events and needs to be looked at in future games.

There were a number of new stalls this year with more pacific island flavour. There were eight stalls with pacific style food available and a number of other stalls such as New Zealand Fire Department, New Zealand Police and Accident Compensation Corporation to name a few. The stalls were better organised this year, and Sport Waitakere were able to obtain a blanket food licence which made the organisation of the stalls far easier. Feedback from the stall holders was positive and many indicated that they would come back next year.

The stage was run again from 9.30 am to 4.45 pm with various entertainment being provided throughout the day. Big Sene and Jubes were the MC's for the day. The prize giving was held at 5.00 pm with John Riddell and Gaylene Maurice awarding teams with prizes.

A few people commented that they would like to see more groups from Waitakere, which is something the event organisers should look into for next years event. Also the setup of the stage was late causing the start to be delayed by about an hour which is not ideal when invited guests have been asked to open the event at a certain time. This needs to be sorted out for next year.

Marketing and Advertising

The main form of advertising this year was from Radio, with Base FM providing continuous advertising of the event from November 2005 right up until the event on the 'Smooth Crew Show' on Sunday mornings. Radio 531PI also broadcast a live telephone interview with Rochelle Hobbs the event manager on the 13 January 2006. This method of advertising is proving to be the most valuable and would only be possible through the sponsorship provided by both stations.

The majority of print material including media releases and adverts for team registrations were advertised in the Western Leader, which reaches a wide group throughout the City.

One thousand flyers and five hundred posters were produced and distributed to various churches, local business and sporting organisations around Waitakere City. Sport Waitakere are unsure how successful this form of advertising was.

There were six billboards located at Lincoln Road, Te Atatu, Te Atatu North, Royal Road, Westgate and Universal Drive motorway on ramps. The billboards were erected on the 7 January 2006, two weeks before the event.

Tagata Pasifika (a TVNZ programme targeted towards Pacific Islanders and Maori) advertised the Games amongst its community notices from November 2005, and placed a notice on the TVNZ website.

Articles were also placed on the websites for Base FM, Shirkhan Tigers, Counties Manukau Sport, and Sport Waitakere.

There were also twelve smaller signs erected on the day to direct people to the event.

During the post event evaluation the idea of combining the Games with other Pasifika events was brought up. It was suggested that a general Pasifika theme could be used to link all the Pasifika events together. This would allow the opportunity to combine marketing and promotional activities together to create a greater reach into the community and have a bigger impact. Sport Waitakere has since setup an initial steering group to explore these ideas and to look at the overall event in the future.

Sponsorship

Waitakere City Council was the major partner sponsor of the Games. Along with Council's sponsorship, Sport Waitakere was able to secure other sponsorship from Base FM, Palm Corned Beef, and Waiwera Infinity Water. These sponsors provided free airtime and free giveaways. The Games also had support from King Music, Accident Compensation Corporation, Radio 531 PI, Pacific Island Problem Gambling Services, and 5+a day.

Council sponsorship continues to be identified as being crucial for the Pasifika games even though it has been recommended Sport Waitakere seek new sponsors and or obtain larger sponsorship from existing sponsors.

As part of our sponsorship proposal Council was recognised as a partner on all print media and were mentioned on all radio and TV articles advertising Pasifika Games, as well as being mentioned as a partner by the MC every half an hour during the event.

Participation and Future Recommendations

Overall numbers were down from last year, with a decrease from 4,500 to 3,000. All sports had less entries compared to 2005. Part of the reason for this decline is the fact that it was a one day event, and there was no netball this year which attracted a high number of teams and spectators in the past. Participation numbers in the sports were less than previous years due to the timing of the event and the clash with other tournaments with greater prize money available. Serious thought needs to be considered as to when the event should be held and whether the event should target competitive teams or social teams, or a combination and this something the steering group can also explore.

These numbers were below the numbers indicated in the sponsorship agreement between Council and Sport Waitakere, who agreed upon at least 5,000 people attending the event. The level of Council sponsorship is partly based upon how many people attend the event, therefore a review of the event and level of sponsorship should be conducted.

Holding the event at one venue, (Moire Park) appears to have been a success, with a better feeling during the day. It is recommended that holding the event in one location needs to continue.

Although the event did not reach the participation numbers targeted, the event was well received by the community and enjoyed by those attending and participating.

RESOURCES

Council provides \$20,000 sponsorship to the Pasifika Games through the Annual Plan and Council staff support the Pasifika Games in their official capacity.

CONCLUSION

Elements of the Games were an improvement from the previous year, such as holding the event in one location, and the inclusion of more Pasifika related food stalls. Verbal feedback on the day suggested that the spectators and participants that attended enjoyed the day.

However, the decrease in entries from previous years is a concern as this directly impacts on the sponsorship provided by Council. A formal review by Council and Sport Waitakere of this year's event needs to be conducted to address the issues of lower participation numbers and how that impacts on Council sponsorship.

An initial steering group has been set up by Sport Waitakere to discuss the future and direction of the Games. The group includes members from Sport Waitakere, Council and various Pasifika representatives from the City. The role of the group is to evaluate the possibility of aligning other Pasifika related events together to create a general Pasifika theme. It is hoped that this steering group will heavily influence the direction and format the Games takes in the future.

RECOMMENDATIONS

1. That the Sport Waitakere - Pasifika Games 2006 report be received.
2. That a review of Council sponsorship of the Pasifika Games is conducted and the findings be reported back to the Finance and Operational Performance Committee in June 2006
3. That the steering group be endorsed to discuss the direction and future of the Games and Pasifika events in general.

Report prepared by: Rob McGee, Leisure Projects & Contracts Officer.



PART E - REPORTS FROM THE SUBCOMMITTEES

14 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 10 MARCH 2006, FRIDAY, 24 MARCH 2006 and FRIDAY, 31 MARCH 2006.

1 CONTRACT NO. PK 05039A - CIVIC SQUARE AND JAPANESE GARDEN

The Subcommittee Recommends:

That \$210,000 be transferred from the Transport Hobsonville Construction budget and \$90,000 from the Transport Hobsonville Detailed Design budget, totalling \$300,000 in the 2005/2006 Annual Plan to the Japanese Garden project in order to fund contract contingency.

2. MATTERS CONSIDERED

A95-A101

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 A95 to A101.

The Subcommittee Recommends:

That the Meeting report of the Tenders Subcommittee held on Friday, 10 March 2006, Friday, 24 March 2006 and Friday, 31 March 2006, be received.

JM Clews, QSO, JP
CHAIRPERSON

