

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY
ROAD, HENDERSON, WAITAKERE, ON MONDAY 11 JUNE 2007
COMMENCING AT 9.30 AM**

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PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

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

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

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

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



3 CONFIRMATION OF MINUTES

Meeting Minutes - Monday, 7 May 2007

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 7 May 2007, as circulated, be taken as read and now be confirmed.



PART B - PROPERTY

4 PROJECT TWIN STREAMS - SALE OF SURPLUS PARTS OF PROPERTIES, LOWER WAIKUMETE STREAM

PURPOSE OF THE REPORT

The purpose of this report is to recommend to Council to sell parts of properties purchased under Project Twin Streams on Millbrook Road, Sunnyside Road, Seymour Road and Rangeview Road. The parts of properties are outside the 1 in 100 year flood plain, riparian planting areas, walk and cycleway needs and are surplus to Council requirements.

BACKGROUND

A1-A2

Council has purchased properties listed below to enable the implementation of Project Twin Streams, a stream restoration and stormwater management project. The properties are to be used for stormwater management, both quality treatment and flood management. In addition a walk/cycleway is being constructed alongside the stream over the properties. Maps of the properties are attached at pages A1 to A2.

Address	Lot DP	Approx. Area m2	Description
121 Millbrook Road	Lot 1 DP 85886	480	Part of site including dwelling
125a Millbrook Road	Lot 2 DP 56430	440	Driveway and part of site
129a Millbrook Road	Lot 3 DP 63877	180	Driveway and small part of site
133 Millbrook Road	Lot 1 DP 58176	560	Part of site including dwelling
21 & 23 Seymour Road	Lot 18 & 19 DP 37485	450	One vacant lot between the 2 sites
3 Sunnyside Road	Lot 2 DP 37485	140	Driveway
26 Seymour Road	Sec 1 SO 361236	7900	Part of site outside the floodplain

STRATEGIC CONTEXT

Project Twin Streams will contribute to the following strategic objectives:

- Implementation of the Council's strategic platforms for Urban Villages, the Green Network and the Three Waters;
- Compliance with the Local Government Act and the Resource Management Act; and
- Enabling development in the catchment.

Project Twin Streams promotes integrated management in line with the Resource Management Act. It integrates economic, social and environmental concerns, all of which are cross-Council issues.

The protection and enhancement of riparian margins included in Project Twin Streams is consistent with the objectives and policies of the Auckland Regional Policy Statement (ARPS), as the riparian margins protect and enhance water quality and reduce the risk of damage caused by floods.

ISSUES

Section 40 of the Public Works Act 1981 provides that where any land held for a public works is no longer required for that public work, the local authority shall offer to sell the land to the person from whom it was acquired. At the time of purchase all the owners, except NZ Rail at 26 Seymour Road, waived in writing their rights under the Act and therefore offer back is no longer required.

Under Section 40(2)(a) of the Public Works Act, Council is not obliged to offer land to the person from whom it was acquired or their successor where it considers *“that it would be impracticable, unreasonable, or unfair to do so”*. The Chief Executive Officer has delegated authority to determine these matters.

With regards to 26 Seymour Road, this property was acquired from NZ Rail under section 50 of the Public Works Act 1981 as the transfer of an existing public work. There may be an obligation to offer this property back to the person from whom NZ Rail acquired the property or their successor. This will require further investigation to determine when and from whom it was acquired.

Section 105 of the Public Works Act 1981 provides that where *“a dwelling which was occupied by the owner as a private residence for himself and his family is to be purchased for a public work...”* that as compensation. *“Land held for any public work which is no longer required for any public work should be offered as compensation where equivalent land not readily available... subject to payment by way of equality of exchange where appropriate”*.

The previous owner of 129a Millbrook Road, whose property has been purchased under Project Twin Streams, has expressed interest in buying 133 Millbrook Road. This person is currently the tenant at 133 Millbrook Road.

Given this request from the landowner and the intention of Section 105 of the Act it appears that the property at 133 Millbrook Road should be offered first to this owner at market value. If such a sale does not proceed then it should be offered to the public at market value.

RESOURCES

The net proceeds from the sale will be used to pay off debt as the purchase of the property was funded from loans raised for Project Twin Streams. Project Twin Streams is ultimately funded by grants from Auckland Regional Council (formerly Infrastructure Auckland) and development contributions.

CONCLUSION

Parts of the forementioned properties are not affected by the 1 in 100 year floodplain of the Lower Waikumete Stream, the proposed riparian planting or the walk and cycleway and are therefore surplus to Council requirements. All of the properties (except NZ Rail at 26 Seymour Road) are not required to be offered back to the former owners in terms of Section 40 of the Public Works Act 1981 as those owners waived their rights to offer back, in writing, in the sale and purchase agreements. DTZ Property Consultants (agents for NZ Rail), confirmed that all the necessary statutory clearances were obtained including any obligations to offer back the property under Section 23 NZRCR Act, prior to the sale of the site to Waitakere City Council.

With regards to 26 Seymour Road, this property was acquired from NZ Rail under Section 50 of the Public Works Act 1981 as the transfer of an existing public work. There may be an obligation to offer this property back to the person from whom NZ Rail acquired the property or their successor. This will require further investigation to determine when and from whom it was acquired.

Any surplus land could be on sold without offer back. For the sale of the surplus parts of properties to proceed, Council must now approve the sale of these part properties.

RECOMMENDATIONS

1. That the Project Twin Streams - Sale of Surplus Parts of Properties, Lower Waikumete Stream report be received.
2. That it be a recommendation to Council:
 - (a) That the surplus land (other than 26 Seymour Road) is not required to be offered back to the former owners consistent with the requirements of Section 40 of the Public Works Act 1981 as the former owners waived their rights of offer back in writing at the time the properties were purchased and where the Chief Executive Officer confirms under section 40(2)(a) of the Public Works Act 1981 that it is" impracticable, unreasonable, or unfair" to offer the land back to the original owner or their successor.
 - (b) That the Chief Executive Officer be authorised to sell the specified parts of the properties mentioned below which are not required for flood management, riparian planting or walk and cycle ways at fair market value and to execute any associated documentation.

121 Millbrook Road	Lot 1 DP 85886
125a Millbrook Road	Lot 2 DP 56430
129a Millbrook Road	Lot 3 DP 63877
21 & 23 Seymour Road	Lot 18 & 19 DP 37485
3 Sunnyside Road	Lot 2 DP 37485
26 Seymour Road	Sec 1 SO 361236

- (c) That the Chief Executive Officer be authorised to offer to sell the site at 133 Millbrook Road at fair market value to the previous owner of 129a Millbrook Road under Section 105 of the Public Works Act 1981 and to execute any associated documentation.
- (d) That if the previous owner of 129a Millbrook Road chooses not to proceed with the purchase of the surplus land at 133 Millbrook Road that the Chief Executive Officer be authorised to sell that land on the open market and to execute any associated documentation.
- (e) That the net proceeds of any sale of land no longer required be applied to reduce the relevant Project Twin Streams loan.

Report prepared by: Lawrence Butcher, Sustainable Engineering Manager.



5 LAND PURCHASE – 1 CHRISTIAN ROAD, SWANSON

PURPOSE OF THE REPORT

The purpose of this report is to seek a recommendation from the Finance and Operational Performance Committee to approve the purchase of part of a property located at 1 Christian Road, Swanson for stormwater detention purposes.

BACKGROUND

Council proposes to construct a park and ride facility at the Swanson railway station. Planning for this facility has identified the need to provide for stormwater detention to mitigate the adverse effects of stormwater run off from the facility.

The site at 1 Christian Road already comprises two small detention areas and is ideally located to provide stormwater treatment.

STRATEGIC CONTEXT

The strategic context for this report is that the proposed park and ride facility will complement the rail double tracking project being carried out by ONTRACK and will encourage increased patronage. This is aligned with Council's strategy to encourage a shift from car-based transport to public transport.

In addition the treatment of stormwater is aligned with Council's 3 Waters Strategy and will provide treatment to mitigate the adverse effects of stormwater on the environment contributing to the Integrated Transport and Communications strategic platform.

ISSUES

The proposed park and ride facility will provide parking for 94 cars. Studies have demonstrated that cars discharge pollutants to the environment in the form of hydrocarbons, carbon, lead and zinc. Council is required under the Resource Management Act 1991 to mitigate the adverse effects of these discharges to the environment, by providing stormwater treatment systems

The treatment systems comprise the "treatment train approach", and for this particular site will include stormwater swales, filters and a detention pond. The detention pond will also mitigate peak flows and avoid adverse effects downstream from the discharge point of the park and ride facility.

In addition, the stormwater discharges from the Christian Road catchment, comprising an area of 10.97 hectares have been concentrated onto this property and due to development in the catchment have the potential to increase stormwater run off downstream from the catchment onto the Swanson Stream. Therefore, the proposed stormwater detention pond will also mitigate stormwater discharges from the Christian Road catchment.

The design of the stormwater pond would include planting and landscaping to provide a visually attractive feature.

A3 Therefore, it is proposed to acquire part of the property, shown as part Lot 1, DP196223 on the plan attached at page A3, comprising 6,589 square metres.

RESOURCES

Funding has been provided in the draft Annual Plan 2007/2008 for construction of the Swanson park and ride facility, and for stormwater treatment. As the proposed stormwater detention pond will provide benefits for the park and ride facility and stormwater mitigation, it is proposed that funding will be charged on a 50/50 basis to the park and ride project and stormwater capital works.

CONCLUSION

Planning for the Swanson park and ride project has identified the need to provide for treatment of stormwater run off as well as mitigating flows from the Christian Road catchment.

It is recommended that authority be granted to purchase part of the property at 1 Christian Road, to provide a location for stormwater treatment and detention.

RECOMMENDATIONS

1. That the Land Purchase – 1 Christian Road, Swanson report be received.
2. That it be recommended to Council that 1 Christian Road, Swanson, being part Lot 1, DP196223 be acquired for stormwater purposes under the Public Works Act 1981.
3. That the Chief Executive Officer be authorised to negotiate to acquire 1 Christian Road, Swanson, being part Lot 1, DP196223 and execute all necessary documentation for the purchase.

Report prepared by: Tony Miguel, Group Manager: Asset Management.



PART C - LEGAL AND CONSTITUTIONAL

6 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 30 April 2007 to 1 June 2007

Nº	NAME	PARTICULARS
4136	WCC – Shaun Daley	Discharge of Memorandum of Encumbrance No.7227129.2 – CT.NA31A/1141 – 46 Kitewaho Road, Swanson
4137	WCC – Muddy Creek Riders Inc	Deed of Lease - Lease of Owen's Green, Laingholm
4138	WCC – TH & PM Urwin	Drainage easement in gross – CTs.335340 and 335341 – 1 Earl Road and 13 Derwent Crescent – RMA 20051880
4139	WCC – Foodtown Properties Ltd	Discharge of Compensation Certificate – Te Atatu /Edmonton Roads Roundabout – Finance Management Committee resolution 1923/88
4140	WCC – Co-Housing New Zealand Ltd	Release of Uncompleted Works & Maintenance Bond – 457 Swanson Road – SPW 21194/21216
4141	WCC – Hobsonville Residential Developments Ltd (RB Banning Estate)	Drainage Easement in gross – CTs.313720-313725 – 54 Bannings Way – RMA 200636
4142	WCC – Hobsonville Residential Developments Ltd (RB Banning Estate)	Water supply easement in gross – CTs.313720-313724 – 54 Bannings Way – RMA 200636
4143	WCC – Hobsonville Residential Developments Ltd	Fencing Agreement – CTs.313722, 313725 & 313726 – 54 Bannings Way – RMA 200636

Nº	NAME	PARTICULARS
	(RB Banning Estate)	
4144	WCC – NJ & MT Smith	Drainage easement in gross – CT.323170 – 18 Arahoe Road, New Lynn – RMA 20041230
4145	WCC – RJ Fahey, M Hodgkinson & BD Czislowski	Memorandum of Encumbrance – CT.NA797/6 – 144 & 146 Opanuku Road, Henderson
4146	WCC – Stuart James Livingston	Warrant of Appointment & Evidence of Identity – No.WCC343
4147	WCC – Zhibang Chen & Tracy Li	Fencing Agreement – CT.331410 – 19 Kuaka Place, New Lynn – SPW 22929
4148	WCC – Sanjay Ram	Stormwater Drainage easement over land to vest in Council – CTs.32771 & 32773 – 1 and 5 Kuaka Place – SPW 22955
4149	WCC – R Narayanaraja & P Ramasubramanian	Fencing Agreement – CT.NA38C/989 – 71 Rosier Road, Glen Eden – SPW 22962
4150	WCC – Premium Property Holdings Ltd	Deed of Lease – part Lot 1 DP 317419 – Hobsonville
4151	WCC – Damian Tauhuhi	Warrant of Appointment & Evidence of Identity – No.WCC344
4152	WCC – Haley Raymond	Warrant of Appointment & Evidence of Identity – No.WCC345
4153	WCC – Stephan Ottervanger	Warrant of Appointment & Evidence of Identity – No.WCC346
4154	WCC – John Wicks	Warrant of Appointment & Evidence of Identity – No.WCC347
4155	WCC – CI Abbot & F McKay	Memorandum of Encumbrance – 9 South Lynn Road, Titirangi – CT.NA23C/359
4156	WCC – Waitakere Properties Ltd	Deed of Nomination – 83B Godley Road, NA3C/726 – resolution 655/2007 refers
4157	WCC – FJ & PR Roberts	Stormwater Drainage easement in gross – CTs.298144 & 298145 – 116A Rosier Road – SPW 22499
4158	WCC – SR Holyoake	Drainage easement in gross – CT.151866 – 43 Golf Road – SPW 18486
4159	WCC – Foodtown Properties	Consent to land taking – resolution 1923/88 – Te Atatu /Edmonton Roads Roundabout
4160	WCC – M Hunt, S Molloy, Ed Johnston & Co Trustee ltd, Molloy & Hunt Ltd	Deed of Waiver s.40 Public Works Act – Resolution 217/2007
4161	WCC – Ealing Investments Ltd	Fencing Agreement – CT.316078 – 258 Te Atatu Road – RMA 20041421

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: Yvonne Donaldson, Team Leader: Legal Services.



PART D - FINANCE

7 OPERATING AND CAPITAL EXPENDITURE SUMMARIES

PURPOSE OF THE REPORT

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

BACKGROUND

Through the Long Term Council Community Plan process, 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

A4

This report covers expenditure for the ten months to 30 April 2007. The financial summaries are attached on page A4.

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.

The item for ARC Rates is greater than the budget because the budget was based on the 2005/2006 figure. Since then, the Council has acquired additional properties and the ARC rates on these coupled with the increase in their business differential have resulted in this item being over budget. Overall, external levies are expected to be within budget because of savings in other areas.

CONCLUSION

Expenditure for the ten months to 30 April 2007 is in line with the operational budget.

RECOMMENDATION

That the Operating and Capital Expenditure Summaries report be received.

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



8 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

A5 This report is separated into restricted and non-restricted funds. The balances and summary transactions for the ten months ended 30 April 2007 are attached at page A5.

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.



9 BORROWING AND INVESTMENT REPORT

PURPOSE OF THE REPORT

The purpose of this report is to the Finance and Operational Performance Committee provide an update on the estimated borrowing and investment activity for April 2007.

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.

A6-A11 The relevant portfolio and graphs reflect the estimated position as at 30 April 2007 and are attached at pages A6 to A11.

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 Council 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 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 APRIL 2007

Council's estimated gross term debt position has increased by \$5.208 million since 31 March 2007, with an estimated closing balance at April 2007 month end of \$272.107 million.

SIGNIFICANT FUNDING TRANSACTIONS ENTERED INTO DURING APRIL 2007

- Amend Swap 36. Decrease maturity from 24 November 2016 to 24 February 2010, increasing notional value from \$10 million to \$15 million, fixed interest rate payable remains at 6.53%.
- Refinance maturing bond of \$20 million, increasing the face value to \$30 million for a term of 91 days, maturing 30 July 2007, at an interest rate equal to New Zealand 90 day bank bill.
- Agree to issue a new fixed coupon bond on 15 May 2007 with a face value of \$10 million for a term of 10 years, maturing 15 May 2017 at an interest rate of 7.50%.

FINANCIAL MARKET COMMENTARY

Market Overview

After the Reserve Bank of New Zealand increased the Official Cash Rate from 7.50% to 7.75% on 26 April 2007, interest rates remained relatively stable for much of May 2007. However, statistical information released towards the end of May suggested that consumer spending and the housing market, factors of concern to the Reserve Bank of New Zealand, have continued to show resilience after the steady increases in interest rates. The New Zealand 90 Day Bank Bill Interest Rate has increased to a current level of 8.16%, suggesting increased financial market expectations of further increases in the Official Cash Rate. Longer term interest rates have also increased, with the 10 year swap interest rate currently at 7.45%.

Up Coming Dates

7 June 2007	Monetary Policy Statement
26 July 2007	Official Cash Rate Announcement

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.



10 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

A12-A21

A summary schedule of payments made for the period 2 March 2007 to 19 April 2007 is attached at pages A12 to A13. A further schedule of all payments of \$5,000 and above, together with the reason for the payment, is attached at pages A14 to A21.

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 2 March 2007 to April 19 2007. Payments have been provided for in accordance with approved budgets.

RECOMMENDATIONS

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

Report prepared by: Andrew Pollock, Director: Finance.



PART E - GENERAL

11 WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the draft Statements of Intent of Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust.

BACKGROUND

A22-A77

The Local Government Act 2002 requires that the Board of a Council Controlled Organisation must deliver to its shareholders (Council) a draft Statement of Intent on or before 1 March each year. The Council has 60 days to respond to the respective boards with any recommended changes. The boards are then required to deliver, to the Council, the final statements of intent on or before 30 June each year. The draft Statements of Intent in respect of Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust were delivered to Council within the statutory time frame. Council staff have reviewed the draft Statements of Intent and their comments and suggested amendments have been forwarded to the respective Boards for their consideration. The draft Statements of Intent and Councils staff 'review comment' are attached at pages A22 to A77.

STRATEGIC CONTEXT

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

ISSUES

Due to administrative timing issues, the Boards of Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust may not have sufficient time to, give due consideration to the recommendations, to have final statements completed and delivered to Council by the 30 June statutory deadline. If this is the case, it is recommended that amendments be carried over for inclusion in the draft statements of intent for the 2008/2009 year. This Committee may wish to add further comment to those already raised by staff.

CONCLUSION

The draft Statements of Intent for Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust are included within this agenda for this Committee's information. Council staff have reviewed these documents and their comments and recommended changes have been forwarded to the respective Boards for consideration. If the Boards are unable to process the information within the required time frame, it is recommended that, any agreed changes be carried over and incorporated in draft Statements of Intent for the 2008/2009 year.

RECOMMENDATION

1. That the Waitakere City Holdings Limited and Subsidiaries 2007/2008 Draft Statements of Intent report be received.
2. That any further comment or amendment that the Finance and Operational Performance Committee wishes to make be forwarded to Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board for consideration.
3. That in the event that Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board do not have sufficient time to consider the requests from the Finance and Operational Performance Committee and the staff review, that consideration be given for the inclusion, of those requested changes, in the draft 2008/2009 Statements of Intent.

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



12 WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES THIRD QUARTER REPORTS

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the Third Quarter reports (9 months ending 31 March 2007) of Waitakere City Holdings Limited and Subsidiaries including the Waitakere Enterprise Trust Board which falls under the governance of Waitakere City Holdings Limited.

BACKGROUND

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

STRATEGIC CONTEXT

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

ISSUES

A78-A123

The Third Quarter reports for Waitakere Properties Limited and the Waitakere Enterprise Trust Board are attached at pages A78 to A123. Presentations will be made at this meeting by the Boards and management of these organisations.

Copies of financial statements, in respect of each of the Trust accounts administered by Waitakere Properties Limited, are available in the Councillors lounge.

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

CONCLUSION

The Third Quarter reports for Waitakere Properties Limited and the Waitakere Enterprise Trust Board are attached for this Committees information and consideration. Board members and management from the respective organisations will be present at this meeting to present their reports and to field any question regarding the performance and operations of the organisations that they represent.

RECOMMENDATION

That the Waitakere City Holdings Limited and Subsidiaries Third Quarter Reports be received.

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



13 AUCKLAND WAR MEMORIAL MUSEUM AND THE MUSEUM OF TRANSPORT AND TECHNOLOGY – ELECTORAL COLLEGE UPDATE

PURPOSE OF THE REPORT

The purpose of this report is to update the Finance and Operational Performance Committee with regard to recent deliberations of the Territorial Local Authority Electoral College regard to the Auckland War Memorial Museum and the Museum of Transport and Technology.

BACKGROUND

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

STRATEGIC CONTEXT

The Auckland War Memorial Museum and the Museum of Transport and Technology are facilities contributing to the preservation of cultural and heritage history on a regional basis and Council's Vibrant Arts and Culture community outcome.

ISSUES

The Auckland War Memorial Museum and the Museum of Transport and Technology have issued their final Annual Plans for the 2007/2008 year. The levies set were in line with their draft annual plans and were approved by the Electoral College. Those levies, as set, are included in the Council's draft 2007/2008 Annual Plan. The Auckland War Memorial Museum has recently published a draft 10 year plan. The Auckland War Memorial Museum is not legally obliged to produce such a plan and, as such, have not sought any specific feedback, through consultation, on the document. The Electoral College has examined the draft 10 year plan and has strongly recommended that the Auckland War Memorial Museum Board reconsider aspects of it's forecasted revenue in light of the

extensive redevelopments that have taken place. It has indicated strongly that future levy increases above the rate of inflation, plus an allowance for depreciation, are not sustainable. A Territorial Local Authority officers working group is continuing its analysis of the data.

A124-A125 Minutes of the Electoral College meeting held on 30 April 2007 are attached at pages A124 to A125.

Copies of the final 2007/2008 Annual plans of the two Museums and the draft 10 year plan for the Auckland War Memorial Museum are available in the Councillors lounge.

RESOURCES

Funding has been provided for in Council's draft Annual Plan 2007/2008 and remains unchanged.

CONCLUSION

The final 2007/2008 levies for the Auckland War Memorial Museum and the Museum of Transport and Technology have been set and are in line with those contained within Council's draft Annual Plan 2007/2008. The Auckland War Memorial Museum has issued a draft 10 year plan which indicates increases in future years levies to be in excess of inflation. In light of the proposed level of increase the Electoral College has requested that the Auckland War Memorial Museum Board revisit their 10 year plan with a view to revising their forecast to bring them within sustainable, acceptable levels. This Committee will be updated on any progress.

RECOMMENDATIONS

That the Auckland War Memorial Museum and the Museum of Transport and Technology - Electoral College Update report be received.

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



14 ORGANISATIONAL CAPABILITY FRAMEWORK

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the development of the Organisational Capability Framework (the Framework) for comment, and to report on the progress against one of the Chief Executive Officer's 2006/2007 Key Performance Indicators (KPI).

BACKGROUND

One of the key roles of the Chief Executive Officer is the leadership of the Council organisation. That is building and maintaining an effective and efficient organisation that can meet its statutory obligations, and the needs of Council and the community.

One of the issues that has been a focus for the Chief Executive Officer, Directors and Human Resources is building the capability in the organisation to deliver on the Council's strategic direction. A key part of this is having the capability to work in the way the Council wants to work as part of its Eco City approach – for example through partnerships, collaboratively, in consultation with the community.

In 2006/2007 the importance of this organisational focus of the Chief Executive Officer's work was recognised when the Chief Executive Officer suggested that a KPI based on organisational capability be added to his performance framework. The KPI reads:

KPI	Goal	Measure	Target
Organisational Capability	Take Steps to build and maintain capability in the organisation to enable it to contribute effectively to Council's goals and strategic direction.	Practice future capability assessment based on community outcomes and LTCCP.	Future capability requirements jointly agreed. Assessment framework in place and initial evaluation prepared. Update at September Council workshop.

For 2006/2007 this requires the Chief Executive Officer to put in place a Framework that will provide strategic guidance and provide a basis for ongoing assessment of progress.

Work in this area has been going on for some years. The latest iteration commenced in 2005, when the Chief Executive Officer developed a workforce planning strategy. That strategy outlines in some detail a range of strategic workforce planning activities to be undertaken by Council. Action to put those activities in place has been underway since that time.

The Framework that is proposed in this paper will become the overarching strategic people planning framework which will drive the workforce planning and other related activities. It will provide greater synergy and integration across the organisation, and provide a robust assessment framework into the future.

STRATEGIC CONTEXT

The Council's Eco City vision has set Council on a path of sustainable development. The Council, in conjunction with its community, has set a number of outcomes to be achieved, supported by the Council's strategic priorities and platforms. However, sustainable development is about much more than just 'what' is to be achieved; it is just as much about "the how". As has been much said, it is a journey, a way of travelling, rather than a destination.

Agenda 21, on which much of the City's strategic direction is based, spells out the importance of involving communities and stakeholders in decision making and action to achieve sustainability outcomes. As the Council has experienced, this often requires different skills, behaviours and mind sets to the work of Council than have traditionally been used. The Framework, and the various components of work that sit underneath it, aim to link the organisation's people management approach and systems to the Council's strategic direction, and help to ensure that the organisation is equipped to deliver what Council and the Community require.

ISSUES

The Organisational Capability Framework

A126

The Framework model attached at page A126 has been developed to build the principles of the Eco City and sustainable development into the organisation's human resources strategy framework and activities undertaken around workforce planning. The human resources strategy framework consists of a number of components that influence the nature and fix of the workforce. The components include recruitment and selection strategies and procedures, the remuneration strategy and system, and the learning and development framework.

A key question underpinning the Framework is “*What does the organisation need to be like to make activities deliver outcomes?*”

Some of the considerations that will be required have been defined and are discussed under each of the following headings:

Key principles of the Framework are:

- Partnership and collaboration – the organisation (and the vast majority of staff) need to recognise that Council can’t achieve its goals alone. Working in conjunction with other entities is vital to achieving outcomes.
- Adaptive Culture – a critical component of the Framework development, and indeed Council’s workforce planning, is building an adaptive and flexible workforce and culture. This is to ensure that the organisation is robust and nimble in responding to change and new developments. This adaptability is not just a focus on people and structures, but also on the internal environment ensuring the terms and conditions of work do not impede the achievement of this objective.
- Public Service Ethic – this is already a principle of the Chief Executive Officer and needs to be reinforced as a key component of our culture. This involves being committed to serving the community, taking a stewardship or kaitiaki approach to public money and resources, and maintaining integrity and political neutrality.
- Commitment to (and understanding of) the strategic direction – a key role of this work will be to drive understanding of the Council’s strategic direction into the organisation. Knowledge and capability development initiative will be central to this.
- Relevant skills and experience – the Framework will need to ensure that the organisation is focussed on retaining and attracting appropriate technical and other skills and experience, having regard to likely future scenarios set out in the Long Term Council Community Plan and by environmental scanning work. Issues such as energy and climate change are likely to feature more prominently into the future. The workforce planning will link with work being future thinking and policy work being undertaken by Council.
- Politically acceptable risk management framework for empowerment – to achieve a can-do attitude among staff it is important to set an appropriate culture of empowerment. This is heavily influenced by the organisations’ approach to risk, and in particular the response to mistakes. Political involvement in establishing the organisation’s risk management framework is vital – the Council approach and reaction to the organisation will have a significant impact whether intended or not.
- Workforce habits/culture - This area is closely linked to “Adaptive Culture” above. Council would seek to have established change management process links to the Framework to ensure the habits and culture are relevant to the strategic direction of the organisation. The importance of integrating quality change processes will be vital to the Framework’s success.

The Organisational Response

The Framework will provide guidance to a range of human resource and organisational management strategies and tools. An assessment matrix is being developed to act as an evaluation tool based on the Framework, and this will provide ongoing data and information so changes can be made in the future.

Key levers for the Chief Executive Officer in managing the organisation’s responsiveness include:

- Recruitment, selection and retention systems and initiatives;
- Terms and conditions (including the remuneration strategy and system);
- The learning and development framework and the range of programmes developed under this, including the leadership and management development programmes;

- Culture and strategic improvement activities such as the next instalment of the Eco City Experience, and the ongoing leadership forum series;
- The performance development system, including the personal and professional development planning, and the key talent retention programmes that have been established.

Ongoing revision of these in line with the draft Framework has already commenced. Other significant initiatives in terms of organisational culture and responsiveness will be reported to Council in the future.

In addition, the Framework will inform the activity planning process, which underpins the Long Term Council Community Plan, work plans and how the organisation delivers services/activities.

CONCLUSION

One of the key organisational issues for the Chief Executive Officer is building capability in the organisation to deliver on the Council's strategic direction. A key part of this is having the capability to work in the way the Council wants to work as part of its Eco City approach for example through partnerships, and collaboratively, in consultation with the community.

The Framework set out in this paper builds on existing workforce planning work to become the overarching strategic people planning framework for the organisation. It will drive the workforce planning and other related activities in order to better align the capability of the organisation with the needs of Council and the community. It aims to provide greater strategic integration across the organisation, and provide an assessment framework into the future.

Council comment and direction on the Framework is sought. The Committee will be asked to agree that the Framework is acceptable to Council for the Chief Executive Officer to use as a tool in the organisation.

RECOMMENDATIONS

1. That the Organisational Capability Framework report be received.
2. That the Chief Executive Officer be advised that the Organisational Capability Framework as set out in the Agenda report is acceptable to the Council.
3. That a further report be provided to the appropriate committee of Council in the 2007/2008 year to provide feedback of the results of the first evaluation of the organisation against the Organisational Capability Framework.
4. That it be noted to the Performance Review Committee that the Chief Executive Officer has developed the Organisational Capability Framework as required in his Key Performance Indicators for 2006/2007 to the satisfaction of the Finance and Operational Performance Committee.

Report prepared by: Ross McLeod, Director: Corporate and Civic Services and Jeff Dougal, Manager: Human Resources and Organisational Development.



15 INFORMATION MANAGEMENT STRATEGIC INVESTMENT FRAMEWORK

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the development of the Information Management Strategic Investment Framework (IM Framework) for comment, and to report on the progress against one of the Chief Executive Officer's 2006/2007 Key Performance Indicators (KPI).

BACKGROUND

One of the key roles of the Chief Executive Officer is the leadership and management of the Council organisation. That is building and maintaining an effective and efficient organisation that can meet its statutory obligations, and the needs of Council and the community.

In 2006/2007 the importance of this organisational focus of the Chief Executive Officer's work was recognised when the Chief Executive Officer suggested that a KPI based on Council's Information Management Strategic Investment be added to his performance framework. The KPI reads:

KPI	Goal	Measure	Target
Organisational Capability	Take Steps to build and maintain capability in the organisation to enable it to contribute effectively to Council's goals and strategic direction	Report on key services improvements to be realised from Council's Information Management Investment	Report completed, framework established and service benefits identified by (to be confirmed)

For 2006/2007 this requires the Chief Executive Officer to put in place a framework that will enable Council to set out intended service benefits from its investments and provide a basis for ongoing assessment of progress toward delivery of those benefits.

Work in this area has been going on for some years through the internal Information Management Advisory Group (IMAG), who advise the Directors Group on Council's information management investment priorities (IM investment). IMAG reviews, prioritises and monitors the information management programme of work and the activities to be undertaken.

The IM Framework that is proposed in this report will become the overarching strategic IM Framework which will drive IM investment and other related activities. It will provide greater direction and integration across the organisation, and provide a robust benefit assessment framework into the future.

STRATEGIC CONTEXT

Information Management is a core strategic support function within the Council organisation. It enables the rest of the organisation to perform the essential activities required to deliver outcomes in line with Council's strategic direction. These activities include Asset Management, Property Records management, Rates collection, customer service and financial record keeping. In addition, Information Management also contributes directly to a number of strategic goals by providing infrastructure and software for Learning Centres, supporting local transactions through extended services, and providing the Waitakere Online City web portal.

The IM Framework, and the various components of work that sit within it, aim to link the IM investment and systems to the Council's strategic direction, and help to ensure that the organisation is equipped to deliver the activities that Council and the community require.

ISSUES

IM Framework

A127 The IM Framework model, attached at page A127, has been based on industry standards and developed to support the organisation in performing in accordance with Council's strategic direction of sustainable development. This model consists of three IM investment roles that influence the nature of the IM investment. These roles are 'run-the-organisation', 'change-the-organisation' and 'innovate'.

To ensure that IM investment contributes to added value, either in the areas where the organisation adds value within its existing processes, or develops new ways of adding value that have a strategic fit, a key question underpinning the IM Framework is "*What systems does the organisation need to assist activities to deliver outcomes?*"

Key roles of the IM Framework are:

- Run-the-organisation – the IM investment needed to strengthen and maintain existing organisational momentum exactly as is (assuming there was no change in the scale or scope of the organisation) in such areas as technical infrastructure renewal, business continuity and security. The emphasis in this area must be on reliability and availability of systems, and also on flexible scalability to accommodate any changes in the organisation momentum (such as increased business volumes).
- Change-the-organisation – the incremental IM investment needed to strengthen the application delivery capability and in effect continuously improve the organisation's capability by enhancing existing processes and activities. For example, this might involve a greater degree of automation and a reduction in time taken to deliver services to customers. The focus in this area should be based on benefits to the organisation or to the community. Benefits might include quicker service delivery, or reduced staffing requirements.
- Innovate – the IM investment needed to delivery new services. This involves taking advantage of technology to create new services. An example would be to use Council's e-government capability to offer new on-line services to its customers. The emphasis in this area must be on excellent planning, alignment with strategic objectives, effective risk assessment, and ensuring that there is early notification of potential issues. Benefits can occur through direct contribution to strategic objectives (e.g. an e-transaction service could allow transactions from home and reduce vehicle kilometres travelled) or indirect service benefits through improving delivery of Council's operational services.

Once a new system from either the 'change-the-organisation' or 'innovate' investment role has been implemented and becomes an established part of the day-to-day operation it becomes part of the 'run-the-organisation' landscape as today's new projects become tomorrow's core systems.

Key principles of the IM Framework are:

- It represents the policies, strategies and procedures by which the organisation manages its use of information management and maximises its return on investment in line with Council's strategic direction;

- Provides a framework for IM investment decisions and priorities, enables project viability to be assessed, provides a basis for assessing and mitigating risk and measuring the benefits/return against strategic objectives;
- IM investment is driven by the strategic and operational needs of the business;
- Benefits from IM investment must be measured, not only at the inception of initiatives, but also throughout the system lifetime;
- Ongoing strategic level direction and monitoring of the Information Management work programme is essential;
- Ensure effective communication to the organisation.

Council's core enterprises systems provide the foundation for Council's IM Framework and a solid platform for ongoing improvement of Council's service delivery and benefits to staff and the community.

Pathway (People, Property and Regulatory) and SAP Programme

The replacement of Council's core enterprise wide system, Government Enterprise Management System (GEMS), is a key programme of work and stage 1 (Pathways) has addressed core areas of Council's operations including Customer Services, Consent Processing, Rates, Water Billing, Cash Receipting, Property Information, Infringements, Licensing and Facilities Bookings.

Stage 2 (SAP) is addressing further core areas of Council's operation including Financials (General Ledger), Accounts Payable and Purchasing, Business Planning Simulation (Bottom-up Planning and Funding and Outcome Modelling), Projects and Contract management, and HR / Payroll. This stage will have a staggered implementation from July through to November 2007.

Some key benefits are:

- Providing a solid platform for future growth. Through implementing these systems Council will gain systems that will continue to grow, add value and changeable as required to meet Council's ongoing requirements;
- Providing a platform for Council to offer an alternate service delivery channel via the internet, and enable transactions through the internet;
- Providing a platform for the delivery of Self-Service functions to Council staff and the community.

TRIM – Document and Record Information Management Programme

This programme had been progressing for a number of years and includes the completion of an information framework of policies, processes and standards, migration of all Council information into the new system, establishment of processes for dealing with new information and resulting organisational changes. Some of the key improvements that have been delivered to date are:

- Introduction of a new classification scheme and retention and disposal management for recordkeeping;
- Re-design of Council's Intranet (EcoNet) and Document Central;
- Launching of the Waitakere On Line City Wide Portal;
- Centralised data warehouse for Council's key hardcopy records and tools to enable them to be more effectively maintained and managed.

Other Programmes

Other programmes also include core systems such as Asset Management, Geographical Information and Spatial Management (GIS), Library and Web Systems.

- The GIS and Library systems provide a platform for the delivery of Self-Service functions to the community;
- The Web systems provide a platform for transactions through the internet.

The Organisational Response

The IM Framework will provide the tools to enhance the ongoing monitoring of the Information Management work programme and measuring the service benefits supporting Council's strategic direction. An evaluation tool is being developed to assist the IM investment prioritisation and measurement of the return against strategic objectives.

Some of the expected benefits to be derived from Council's investment in IM are:

- Benefits to the Community
 - Improved access to Council services via Internet, One Stop Shop and Call Centre;
 - Improved access to Council's Property information;
 - Greater access to information through Learning Centres, Library System and Waitakere On-line Portal;
 - Reduction in vehicle KMs travelled generated by Council business;
 - Improved speed of Consent service delivery;
 - Improved management information for assets and services meaning enhanced management decision making.
- Benefits to Council
 - Business continuity;
 - Security and integrity of information;
 - Improved quality of data;
 - Regional alignment and integration;
 - Future alternate channels for service delivery;
 - Improved quality of information;
 - Single point of access to customer information.

RESOURCES

The resources for Council's Information Management investment are provided in Council's draft Annual Plan 2007/2008 and Long Term Council Community Plan 2006-2016.

CONCLUSION

One of the key organisational issues for the Chief Executive Officer is making sure that investment in Information Management will contribute to enabling the organisation to deliver on Council's strategic direction. This means the organisation must have a co-ordinated and integrated approach to managing information management activities and investment.

The IM Framework set out in this report builds on the existing Information Management programme of work to become the overarching strategic IM Framework for the organisation. It will drive Council's Information Management programme of work and other related activities in order to better align the organisation's Information Management programme with the needs of Council and the community. It aims to provide greater strategic integration across the organisation, and provide an assessment framework into the future.

Council comment and direction on the IM Framework is sought. The Committee will be asked to agree that the IM Framework is acceptable to Council for the Chief Executive Officer to use as a tool in the organisation.

RECOMMENDATIONS

1. That the Information Management Strategic Investment Framework report be received.
2. That the Chief Executive Officer be advised that the Information Management Strategic Investment Framework as set out in the Agenda report is acceptable to the Council.
3. That a further report be provided to the appropriate committee of Council in the 2007/2008 year to provide feedback of the results of the first evaluation of the organisation's Information Management investment against the Information Management Strategic Investment Framework.
4. That it be noted to the Performance Review Committee that the Chief Executive Officer has developed an Information Management Strategic Investment Framework as required in his Key Performance Indicators for 2006/2007 to the satisfaction of the Finance and Operational Performance Committee.

Report prepared by: Ross McLeod, Director: Corporate and Civic Services and John Johnson, Manager: Information Management.



16 SAP IMPLEMENTATION PROJECT UPDATE

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee an overview of the progress of the SAP Implementation Project and to advise the scale and scope of the now fully specified project.

BACKGROUND

The current Government Enterprise Management Systems (GEMS) financial system is nearing the end of its lifecycle as there will no longer be any guaranteed support from the software and hardware suppliers after July 2007. Many other New Zealand councils have chosen to migrate off GEMS for this reason.

A suitable replacement for GEMS financial system is required to meet the current needs of Council business and operations. Two potentially suitable systems were considered. They were Finance One and SAP Enterprise Resource Planning (SAP) systems.

The Directors Group decided that SAP was the best option to future-proof the organisation in the longer term from a technology and business perspective. The decision to select SAP with Deloitte as the implementation partner was made by the Directors Group at their meeting on 7 December 2006. SAP also provides system functionality in the areas of Human Resources and Payroll, and contracts and projects.

A128-A132

A report was prepared for the Tenders Subcommittee meeting held on 15 December 2006. A copy of this report ("Contract No.'s CCIM06172A and CCIM06172B - Government Enterprise Management System (GEMS) Financial Replacement") along with the Subcommittee's approved recommendations is attached at pages A128 to A132. The Subcommittee approved that the Director: Corporate & Civic Services be given the delegated authority to enter into the contracts with SAP for the software license and Deloitte on behalf of Council.

The key benefits of using SAP are as follows:

- The software package has the potential to integrate Council units and functions into one computer system, thus enabling various departments to share information and communicate more effectively with each other.

Information can be drilled down to a detailed level, is more reliable, and can be accessed more quickly than before. Improved information means better support for key decision making.

- It will enable the automation of manual processes, such as the current use of spreadsheets to prepare annual and long term budgets. The automation will result in time and cost efficiency as well as reducing business continuity risks inherent in Council's current systems.
- Implementation of the Manager Self-Service system will enable managers to approve documents online and also have access to reports and data online.
- Implementation of an Employee Self-Service function will enable staff to access personal information, apply for leave and check leave balances online.
- More business modules can be added in the future as required to meet the changing requirements of Council.

The reasons for selecting Deloitte are as follows:

- Deloitte has previous experience with the implementation of SAP for other New Zealand local authorities, such as Auckland City Council and Auckland Regional Council.
- There will be systems alignment with Auckland City Council and Auckland Regional Council as their systems would provide a baseline for Council's systems.

STRATEGIC CONTEXT

The implementation of SAP will assist the Council in the following areas:

- preparation of Long Term Council Community Plans;
- preparation of Annual Plans;
- better work flow and greater control;
- enhanced reporting capabilities;
- to provide improved management tools for enhancing management decision making;
- Business continuity and assurance benefits through replacement of an end of life system and provision of a more robust system.

Once the system is fully operational, it is expected that enhanced information flows will benefit both the administration of the City and the provision of information to residents and other stakeholders.

These benefits will indirectly contribute to all of Council's strategic outcomes, priorities and platforms.

ISSUES

Project Governance

The SAP project governance and team structure has been set up to manage the project and ensure the successful and smooth implementation of SAP. The structure has been approved by the Directors Group.

The SAP Steering Committee meets regularly to discuss the project progress, as reported by the Programme Manager SAP Implementation, and also makes decisions on any proposals put forward by the project team, such as changes of scope. The SAP Steering Committee ensures that the project costs are properly managed and accounted for. Regular updates are reported to the Directors Group.

Overview of Progress

The Project covers three systems. These are:

- Finance (including Purchasing, Accounts Payable, Fixed Assets, General Ledger and Budgeting);
- HR / Payroll;
- Projects and contracts.

The SAP project was originally expected to be implemented within eight months of commencement. However, from discussion and agreement with Deloitte, it was feasible to complete stage one of the project within six months of the start date. The project commenced in January 2007 and the "Go Live" dates split into four phases.

The original Go Live dates have been revised since April 2007 and the changes are summarised below. The revised dates are necessary due to changes of scope and to ensure a quality product is successfully implemented. These changes have impacted on the original estimated costs for professional services and the SAP software and these are explained under the Revised Estimated Budget section below.

	Original Date	Revised Date
Go Live 1		
Financials (General Ledger)	2 July 2007	2 July 2007
Accounts Payable and Purchasing	2 July 2007	2 July 2007
Go Live 2		
Projects and Contracts Management Phase 1	13 August 2007	13 August 2007
Business Planning and Simulation (BPS) Phase 1 - Bottom-up Planning	2 July 2007	24 August 2007
Go Live 3		
BPS Phase 2 - Funding and Outcomes Modelling	2 July 2007	5 October 2007
Go Live 4		
HR / Payroll	15 October 2007	19 November 2007

Table 1: Revised Go Live Dates

Cost Estimates and Project Scope and Scale

The project reported to Tenders Subcommittee in December 2006 was not the fully specified SAP Implementation Project. Accordingly, some revision has had to be made to the project scope and scale and the cost estimates. The original estimated job costs included in the report to the Tenders Subcommittee on 15 December 2006 for the professional services and software contract components were as follows:

Professional services	\$900,200
SAP software	\$704,270
Total	\$1,604,470

Table 2: Original Estimated Job Costs

This estimate did not include all aspects of the project works intended to be included within the project scope, as not all project components had been formalised and fully specified at that time.

Additional System Components / Scope Changes

- HR / Payroll

The HR / Payroll system was unable to be fully scoped prior to the launch of the SAP project given the tight timeframe to implement the financial components of the SAP project by early July 2007. After the evaluation of the templates used by the Auckland Regional Council, it was discovered that their system would not be suitable for Waitakere's requirements due to the variability of contractual terms and conditions for employees being higher than originally anticipated.

The project now includes a fully specified HR / Payroll system. This incorporates an Employee Self-Service function that will enable staff to access personal information, apply for leave and checking leave balances online. It also provides a better tool for leave management and enhances payroll processing of leave entitlements.

- Business Planning Simulation (BPS)

The original estimated costs were based on using the Auckland Regional Council model. Early stages of the design uncovered some gaps that would not suit our requirements. The Auckland Regional Council model was not fully suitable, as we report on Strategic Platforms and we also have different activity structure.

After a detailed analysis of our current budgeting system, field trips to other councils that use the SAP BPS system, and a formal evaluation of various options, it was decided that enhancements to the original specifications were considered necessary.

The current budgeting system uses spreadsheets which require intensive labour hours. The new BPS system is more structured and suitable for Council business. It will increase efficiency and staff productivity when less hours are required to prepare the budgets compared to the current spreadsheet system.

- Financials (General Ledger), Accounts Payable and Purchasing

This relates to reworking the fixed asset build to include new asset classes. The complexity of Purchase Order release strategies and interfaces are more complicated than anticipated.

- Data Conversion / Archiving

A number of variations for GEMS replacement and data conversion / archiving have been considered necessary by the project team during the course of testing where additional workflow and training have been identified.

Additional Assistance

This relates to Deloitte providing more assistance than originally planned until Council staff become more self sufficient. Currently the skill levels of internal staff required for the successful implementation are still being developed on an ongoing basis. Areas where additional assistance are required include Accounts Payable, Fixed Assets, Purchasing, Projects, HR / Payroll and general project management due to the extension of project timelines, scope changes and complexity of the systems.

SAP Software

The revised estimate represents the actual costs of the SAP license that has been incurred. The actual amount is not significantly different to the original estimate.

Revised Budget Estimates

The revised estimated cost for all professional services and software costs to complete this phase of the SAP project is now projected to be \$2,473,626. The comparison between the original estimate and the revised estimate is shown in the Table 3 below.

	Original Estimate	Revised Estimate	Increase
Professional services	\$900,200	\$1,764,293	\$864,093
SAP software	\$704,270	\$709,333	\$5,063
Total	\$1,604,470	\$2,473,626	\$869,156

Table 3: Comparison between Original and Revised Estimated Job Costs

The revised estimated cost is based on the assumption that the revised Go Live dates for the four phases will be met.

The revised cost estimate is still within Council's overall Information Management capital budget. Funding is provided in the approved budget for Information Management capital projects included in the Long Term Council Community Plan 2006-2016.

The original and revised estimated costs do not include post implementation support and training costs. The estimated post implementation costs will be included in a Post Implementation Support Strategy which will be presented to the Directors Group at later date.

Professional Services

The increase in estimated costs for professional services is mainly Deloitte fees, which are shown in the table below. The increase of \$907,804 is offset by a decrease of \$43,711 from other services included within the original estimated costs for professional services, resulting in a net increase of \$864,093.

The Deloitte revised estimated cost is as follows:

COMPONENTS	COST CHANGES
Additional system components / scope changes	
• HR / Payroll	\$197,280
• BPS Phase 1 (Bottom-up planning)	\$165,000
• BPS Phase 2 (Funding stream and outcome model)	\$134,040
• Financials (General Ledger), Accounts Payable and Purchasing	\$144,160
• Data conversion/archiving	\$ 20,400
Total additional system components / scope changes	\$660,880
Additional assistance	\$246,924
Total estimated Deloitte cost	\$907,804
Less: Total decrease of other professional services	\$ 43,711
NET TOTAL COST CHANGES	\$864,093

Table 4: Breakdown of Increase in Deloitte Fees

RESOURCES

As noted above, there will be no additional funding required to fund the increase in the SAP budget. In the Long Term Council Community Plan 2006-2016, the total Information Management budget for capital expenditure amounted to \$62,402,740 over the 10 year period. This budget was based on the projections to replace and upgrade current systems such as Pathways, GEMS financial system, Digitisation projects, Asset Management systems, Electronic Document and Management system, etc, and the replacement and upgrading of the Information Management technical infrastructure.

It is proposed to re-prioritise the Information Management programme in order to manage the overall budget. It is not expected that there will be any strategic impact from re-prioritising the Information Management programme of work.

The Directors Group has established an internal group, the Information Management Advisory Group, which will prepare a separate report to the Directors Group for their consideration on the impact, if any, of the re-prioritisation. The Finance and Operational Performance Committee will receive a report on any matters that require their attention.

CONCLUSION

The decision to replace GEMS with SAP was necessary for business reasons which include:

- The GEMS financial system is coming to the end of its lifecycle as the software and hardware suppliers will no longer be providing guaranteed support to users after July 2007.
- SAP has a wide range of functionalities which meet both the financial and other business requirements.
- The automation of manual processes used for preparing annual and long term budgets and also the processing of employee data will result in an increased efficiency of resource utilisation.
- SAP also has the capacity for future improvements as required to meet the changing requirements of Council.

The original estimate of costs for professional services has been increased due to additional (but expected) project components being incorporated into the estimate to obtain the best solutions for the SAP implementation. Key drivers for that include:

- additional system components;
- increased complexity and rework;
- additional assistance being required from Deloitte which was not incorporated into the initial estimate (and probably should have been).

The SAP project is progressing along the expected milestones with strong governance from the SAP Steering Committee.

RECOMMENDATIONS

1. That the SAP Implementation Project Update report be received.
2. That changes to the project scope and system components for the SAP Implementation Project, together with the proposed re-prioritisation of the Information Management programme of work and budget, be noted.

Report prepared by: Andrew Pollock, Director: Finance.



17 PROPOSED LEASE OF AIRSPACE OVER ROAD – WADIER PLACE

PURPOSE OF THE REPORT

The purpose of this report is to obtain approval from the Finance and Operational Performance Committee to enter into a lease of the airspace over land shortly to be vested in the Council as road.

BACKGROUND

Waitakere Group Limited is the developer of the retirement complex in Sel Peacock Drive known as Waitakere Gardens. A significant amount of new construction work has been undertaken over recent time on the company's land. As part of this development it is intended that the extension to Wadier Place, to connect to Sel Peacock Drive, will be vested in the Council as road. The subdivision plan which will give effect to that vesting will deposit shortly.

A133-A137

It has always been the intention of Waitakere Group Limited ("Waitakere Group") that an air bridge would be constructed over the new road to provide the physical connection between the original parts of the complex and the new parts of the complex. Attached at pages A133 to A137 are copies of a locality plan and concept plans of the proposed bridge. A building consent has been granted in respect of the bridge and the company now wishes to commence construction.

Once the plan of subdivision deposits and the road is vested part of the bridge will be located within the airspace over the road. (Through oversight the subdivision plan was prepared without provision being made to exclude the airspace to be occupied by the bridge from the lot defining the road to vest.) The company therefore wishes to obtain agreement from the Council to enable it to build the bridge once the road has vested, and to provide it with security of tenure in respect of that part of the bridge over the road once constructed by way of a long term lease.

The Council has the power to grant a lease of airspace over a road under Section 341 of the Local Government Act 1974, which is one of the sections in Part XXI of that Act. The Council has delegated all of its powers under Part XXI to this committee.

ISSUES

When considering the granting of approval for construction of a structure over a road the primary consideration for the Council is the extent to which, if at all, the proposed construction work will in any way limit or restrict the public rights to use the road and whether the proposed structure will have that effect. In this case the design of the proposed bridge has been discussed with Council's Senior Transport Engineer: Planning and Design. The minimum road clearance level has been agreed at 4.8 m. The pole which supports the structure is located within land owned by Waitakere Group Limited, i.e. it is not within land vested as road and there are therefore no other issues relating to general movement along the new road.

So far as the potential for interference with rights of passage and public safety during the construction of the bridge is concerned, the Senior Transport Engineer: Planning and Design believes that the best way to deal with those issues is to implement a temporary closing of the road under section 342 of the Local Government Act 1974. Under Schedule 10 clause 11(a) of that Act, a temporary prohibition of traffic is permitted where an "apparatus under, upon, or over the road is being constructed or repaired". Since vesting of the road may not occur until after the construction of the bridge has commenced there will be little inconvenience to the public in a further delay in the ability to use the new road (which has in fact been constructed for some time already but has not been made available by the company for public use).

It is proposed that Waitakere Group Limited be granted a licence to occupy airspace over the road during construction of the bridge, and upon the issue of a certificate for public use or a code compliance certificate under the Building Act 2004, whichever occurs first, a lease will be granted to the company for a term of 34 years and 364 days for the cube of airspace over the road within which the airbridge is located. This cube of airspace is part of Lot 4 DP 366553 and is described in the lease as the "premises". This limitation upon the length of the term is necessary because a lease of 35 years or more constitute a subdivision for the purposes of the Resource Management Act 1991. A provision will be inserted in the lease which will permit a renewal to be granted if the tenant first obtains a subdivision consent to enable a renewal to be lawfully granted. In addition to this it is proposed that the lease contain a provision granting Waitakere group an option to purchase the airspace over the road for \$1.00, subject to compliance with the road stopping requirements of the Local Government Act 1974 and the preparation of a survey plan (all at the expense of Waitakere Group.) While it is somewhat unusual to sell stopped road on this basis, the proposal reflects that the extension of Wadier Place has been formed and vested by Waitakere Group at no cost to the Council and the proposed lease arrangement is only necessary because of the oversight, referred to above, which resulted in the airspace to be occupied by the airbridge being included within the original survey of the road. (The airbridge connecting the Unitec building with the Waitakere Central Library was constructed within an airspace lot which is not part of the new road below it.)

The Finance and Operational Performance Committee does not have delegated authority to authorise the granting of that option and recommendation 3 reflects that point.

At the time of preparation of this report negotiation of the lease terms was still in progress. The lease will need to include provision for additional obligations, for example:

- to maintain the structure to a safe standard so that the rights of the public to use the road are not affected;
- to demolish the structure at the end of the term, at the Council's option, if a renewal is not sought;
- to insure;
- to indemnify the Council in the event of the failure of the structure causing injury or damage to persons using the road.

An oral report on the progress of those negotiations can be given if required.

CONCLUSION

The proposed air bridge is an integral part of the Waitakere Gardens retirement complex. The necessity for the grant of a lease by the Council arises only because the developer is vesting the extension of Wadier Place as road, and the road has been defined on the relevant subdivision plan to include the airspace through which the airbridge will be constructed. The Council will be able to adequately protect its liability position in respect of a failure of the airbridge, either during construction or subsequently, by the insertion of appropriate provisions in the lease.

RECOMMENDATIONS

1. That the Proposed Lease of Airspace Over Road – Wadier Place report be received.
2. That approval be given, pursuant to Section 461 of the Local Government Act 1974, to the granting of a licence (for construction purposes) and a lease (following completion of construction) of part of the airspace over Wadier Place (part of Lot 4 DP 366553) to Waitakere Group Limited for the purposes of the construction of the airbridge depicted in building consent ABA 2007267.
3. That it be recommended to Council that as a term of the lease of the airspace over Wadier Place to be occupied by the airbridge (part of Lot 4 DP 366553 and described as “the premises” in the lease) Waitakere Group Limited be granted an option to purchase the airspace for the sum of \$1.00 (GST inclusive).
4. That the Legal Services Manager be delegated authority to finalise the terms of the licence and the lease referred to in resolution 2, including the option to purchase.
5. That the Chief Executive Officer be delegated authority to execute the licence, and to authorise the affixing of the seal to a deed of lease, entered into in accordance with resolutions 2, 3 and 4.
6. That the Senior Transport Engineer: Planning and Design be delegated authority to authorise a temporary prohibition of traffic pursuant to s342 of the Local Government Act 1974, and clause 11(a) of Schedule 10 of that Act, to commence from the date upon which the new road is vested in the Council by deposit of the survey plan of subdivision and terminating upon the date upon which the Senior Transport Engineer: Planning and Design is satisfied that construction of the airbridge over Wadier Place has progressed to the point where construction can be completed without undue interference to the movement of traffic along the new road and without risk of injury or damage to members of the public using the road.

Report prepared by: Denis Sheard, Legal Services Manager.



18 QUARTERLY PERFORMANCE REPORT FOR MARCH 2007

PURPOSE OF THE REPORT

The purpose of this report is to present to the Finance and Operational Performance Committee the Quarterly Performance for March 2007.

BACKGROUND

In June 2006, the Council adopted its Long Term Council Community Plan for 2006-2016. Volume 2 of the document itself, detailed the activity performance measures, works programme and activity costs. The quarterly report follows this format. New sets of performance measures were developed for the activities where appropriate.

STRATEGIC CONTEXT

The activities detailed in volume 2 of the Long Term Council Community Plan for 2006-2016 are the mechanisms used by the Council to deliver the Council's strategic direction and to contribute to the Community Outcomes. The performance measures indicate how well an activity is performing.

ISSUES

Where possible, all measures have been reported. There are some measures where the data is only collected annually or six-monthly and there are some measures that are survey-based. The relevant surveys will be carried out in 2007. Most measures are on-target and explanations and comments are provided on each measure, especially where the target has not been met. The full year's measures will be published in the Council's Annual Report. Strategic Platform and Community Outcome measures are still being developed.

RESOURCES

The only resources required to date are staff time.

CONCLUSION

The quarterly performance report as attached at pages A138 to A153 indicates that the Council is generally on target to meet its performance measures. Special attention will be paid to any areas where problems have been identified.

RECOMMENDATION

That the Quarterly Performance for March 2007 be received.

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



PART F - REPORTS FROM THE SUBCOMMITTEES

19 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 25 MAY 2007.

MATTERS CONSIDERED

A154-A159

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 A154 to A159.

The Subcommittee Recommends:

That the Meeting report of the Tenders Subcommittee held on Friday, 25 May 2007 date be received.

JM Clews, QSO, JP

CHAIRMAN



PART G - PUBLIC EXCLUDED MATTERS

20 APPROVAL OF STATUTORY AUDIT SERVICE PROVIDER 1 JULY 2006 – 30 JUNE 2009

21 PROPOSED LAND NEGOTIATIONS: NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT

22 PROVISION OF RURAL BROADBAND SERVICES

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

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely, Approval of Statutory Audit Service Provider 1 July 2006 – 30 June 2009, Proposed Land Negotiations: New Lynn Transit Oriented Development Project and Provision of Rural Broadband Services.

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

General subject of the matters to be considered.	Reason for passing this resolution in relation to the matters	Ground(s) under Section 48(1)(a) for the passing of this resolution.
<ul style="list-style-type: none"> • Approval of Statutory Audit Service Provider 1 July 2006 – 30 June 2009 	<p>The withholding of information is necessary in order to:</p> <ul style="list-style-type: none"> • Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<ul style="list-style-type: none"> • Proposed Land Negotiations: New Lynn Transit Oriented Development Project 	<ul style="list-style-type: none"> • Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>
<ul style="list-style-type: none"> • Provision of Rural Broadband Services 	<ul style="list-style-type: none"> • Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	<p>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.</p>

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 7(2)(i) of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public as follows:

- *The report contains information which if released could affect Council's negotiations.*

