



Waitakere City Council  
*Te Taiao o Waitakere*

## NOTICE OF MEETING

# FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

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

**DATE:** Monday, 9 March 2009 **TIME:** 9.30 am

**MEETING ROOM:** Council Chamber

**VENUE:** Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere

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

5 March 2009

Carmen Fernandes  
**COMMITTEE SECRETARY**

Telephone (09) 836 8000 extn 8887

### MEMBERSHIP:

Councillors	RI	Clow (Chairman)
	JM	Clews, QSO, JP (Deputy Chairman)
	DQ	Battersby, JP
	BA	Brady, JP
	MFP	Chan, JP
	LA	Cooper, JP
	AK	Corban, OBE, JP
	RP	Dallow, QPM, JP
	WW	Flaunty, QSM, JP
	PA	Hulse
	MM	Jolley
	JP	Lawley, JP
	PG	Mitchell
	VS	Neeson, JP

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

★★★★★★★★★★

(Meeting Room could be subject to change)

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

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE  
COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE  
CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE,  
ON MONDAY, 9 MARCH 2009, COMMENCING AT 9.30 AM**

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**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE  
COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE  
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ON MONDAY, 9 MARCH 2009, 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 CONFLICTS OF INTEREST**

The Council has acknowledged in its Code of Conduct that Elected Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a member of the Council and any private or other external interest they might have. This note is provided as a reminder to members to check that no such conflicts arise in relation to any items on this agenda.



**4 CONFIRMATION OF MINUTES**

Meeting Minutes - Monday, 9 February 2009

**RECOMMENDATION**

It is recommended that the Finance and Operational Performance Committee resolve to:

**Receive** the minutes of the meeting of the Finance and Operational Performance Committee held on Monday, 9 February 2009, as circulated, and that they be taken as read and now be confirmed.



## PART B - PROPERTY

### 5 RATING MATTERS FOR CONSIDERATION

#### GLOSSARY

Long Term Council Community Plan 2009-2019	(LTCCP 2009-2019)
Uniform Annual General Charge	(UAGC)
Uniform Annual Charge	(UAC)
Business Improvement District Association	(BIDA)
Glen Eden Business Improvement District Association	(GEBIDA)
Auckland Regional Amenities Funding Act 2008	(ARAF 2008)
Auckland War Memorial Museum	(AWMM)
Museum of Transport and Technology	(MOTAT)

#### EXECUTIVE SUMMARY

The purpose of this report is to provide the Finance and Operational Performance Committee with some analysis of impacts on ratepayers due to possible rating policy decisions. The modelling and analysis has been based upon a budget requirement of \$137.470 million (excl. GST and Water Rates). Rates analysis has been based upon existing rating policy and has included three variations on the level of Uniform Annual General Charge (UAGC).

The report also contains a number of necessary recommendations to Council for inclusion for consultation in the draft Long Term Council Community Plan 2009-2019 (LTCCP 2009-2019).

#### RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Rating Matters For Consideration report.
2. **Agree** that the Finance and Operational Performance Committee consider the relative merits of setting the Uniform Annual General Charge at various levels and recommend to Council a suitable dollar value of Uniform Annual General Charge to be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
3. **Agree** to recommend to Council that for the 2009/2010 year 20% of the total rate requirement, excluding targeted rates for water supply, will be collected from business sector properties and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
4. **Agree** that, subject to Council approving funding for the Glen Eden Business Improvement District Association, it be recommended to Council that a targeted rate for the Glen Eden Business Improvement District Association should be set up as a rate in the dollar on land value for all business properties in the Glen Eden Town Centre and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
5. **Agree** to recommend to Council to collect the rate requirement pursuant to the Auckland Regional Amenities Funding Act 2008, in the same manner as it currently does for the Museum of Transport and Technology and Auckland War Memorial Museum, by including it in the general rate while also noting on the rates bill a break down of these component parts.

6. **Agree** to recommend to Council that a targeted rate of \$148 inclusive of GST, set as a fixed charge on a uniform basis under section 16 of the Local Government (Rating) Act 2002, be charged upon each on-site waste management system for all rating units in the Non-Drainage area of the City (as defined in the Description of the Differential Rating System and Method of Calculation of Rates) that are scheduled to be pumped out by Council within the three-yearly cycle, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
7. **Agree** to recommend to Council that a targeted rate of \$40 inclusive of GST, set as a fixed charge on a uniform basis under Section 16 of the Local Government (Rating) Act 2002, be charged on all rating units in the Non-Drainage Area of the City (as defined in the Description of the Differential Rating System and Method of Calculation of Rates), and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
8. **Agree** to recommend to Council that a targeted rate of \$1.53 inclusive of GST per cubic metre of water provided as measured by meter, described as the Water Supply Charge, be set and charged according to a scale of charges under section 19 of the Local Government (Rating) Act 2002, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
9. **Agree** to recommend to Council that a targeted rate of \$447 inclusive of GST, set as a fixed charge on a uniform basis under section 16 of the Local Government (Rating) Act 2002, be charged on each separately used or inhabited part of a rating unit in the Drainage Area of the City, excluding non-rateable properties and business sector properties, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
10. **Agree** to recommend to Council that a targeted rate for wastewater set differentially on business sector properties on the same basis as the General Rate calculated on the rateable land value of business sector rating units in the Drainage Area of the City, excluding non-rateable properties, in the table below: Wastewater Targeted Rate – Draft Long Term Council Community Plan 2009-2019 Differential Rates including GST, and included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.

**Wastewater Targeted Rate - Draft Long Term Council Community Plan 2009-2019 Differential Rates including GST**

	<b>Wastewater Targeted rate</b>
	Cents in \$
Business Sector	0.4796

11. **Agree** to recommend to Council that a targeted rate for wastewater, set differentially on the same basis as the General Rate calculated on the rateable land value of non-rateable rating units in the Drainage Area of the City, where a wastewater service is provided, as shown in the table below: Wastewater Targeted Rate – Draft Long Term Council Community Plan 2009-2019 Differential Rates including GST, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.

**Wastewater Targeted Rate - Draft Long Term Council Community Plan 2009-2019 Differential Rates including GST**

	<b>Wastewater Targeted rate</b>
	Cents in \$
Non-Rateable Step 1	0.2110
Non-Rateable Step 2	0.1583
Non-Rateable Step 3	0.1055

12. **Agree** that a schedule describing the remaining different categories and types of the rates based upon the draft Long Term Council Community Plan 2009-2019 rate requirement, be prepared for the Council's approval.
13. **Agree** to recommend to Council that no changes be made to the Remission and Postponement Policies, and that the current policies be included for consultation in the draft Long Term Council Community Plan 2009-2019.
14. **Agree** to recommend to Council that the rates (other than the targeted rates for water supply) for the year 1 July 2009 to 30 June 2010 will be payable in four instalments on due dates as follows, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019:

<b>Instalment Number</b>	<b>Due Date</b>
1	20 August 2009
2	20 November 2009
3	22 February 2010
4	20 May 2010

15. **Agree** to recommend to Council that the due date for the targeted rate for water supply shall be the "latest date for payment" set out in each rates invoice for water supply, shown on the respective assessment for such charge as delivered to the owner of the rating unit, which will be a date 30 days after the date of each rates invoice for water supply, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.
16. **Agree** to recommend to Council that pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, the following penalties for unpaid rates be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019:
  - (i) A penalty of 10% of the amount of rates assessed under each instalment in the 2009/2010 financial year (other than targeted rates for water supply) that are unpaid after the due date of each instalment, will be added to such unpaid rates on the day following the due date of the instalment. Provided that where all rates (other than the targeted rate for water supply) payable to 30 June 2010 (together with any arrears of rates, other than targeted rate for water supply, but including penalties on arrears of rates) are paid in full by 20 November 2009, no instalment penalty will be payable in respect of the 2009/2010 year.
  - (ii) A further penalty calculated on rate arrears (other than the targeted rate for water supply) will be added on the day following 30 September 2009. This further penalty will be 10% of the amount of rates assessed in any prior financial year to the 2009/2010 year (other than the targeted rate for water supply), including any penalties added, that remain unpaid on 30 September 2009.

- (iii) A further penalty calculated on rate arrears (other than the targeted rate for water supply) will be added on the day following 31 March 2010. This further penalty will be 10% of the amount of rates assessed in any prior financial year to the 2009/2010 year (other than targeted rates for water supply), including any penalties added, that remain unpaid on 31 March 2010.

17. **Agree** to recommend that the Finance and Operational Performance Committee consider the introduction of a targeted rate known as the 'Rugby World Cup Levy' to be levied at the rate of \$4.50 (inclusive of GST) upon each separately used or inhabited part of a rating unit of all rateable land, and that this be included in the Funding Impact Statement and Other Rating Information for consultation in the draft Long Term Council Community Plan 2009-2019.

## BACKGROUND

1. Changes to the rating system must be included for consultation in the draft LTCCP 2009-2019. To meet the timetable for adoption of the draft LTCCP 2009-2019, recommendations are being made to Council regarding the Rating Policy to be included for consultation.
2. Each year, with changes to budgets and other factors, Council needs to review how it wishes to utilise the tools adopted under the Rating Policy. These tools include the level of the UAGC and the level of the business sector differential. Council also needs to make provision for inclusion in the draft LTCCP 2009-2019 for any other changes to the Rating Policy that it might wish to adopt.

## DECISION MAKING

### Issues

#### Business Differential

3. Council's use of a business differential is one of the core components of the Rating Policy. To ensure the ongoing fairness and equity of the Rating Policy the level of the business differential needs to be recalculated each year. This is to ensure that the new budgets as well as other changing factors that are used in calculation of the differential factor are relevant to the new financial year.
4. The Rating Policy for the current year has a business sector differential of 20.00% of the total overall rate requirement (excluding water). This has the effect of ring-fencing both the business and residential sectors.
5. An assessment of the business sector share of costs based on the indicative budgets has also been completed. The calculation shows the share of business sector costs being 18.81%.
6. Council's Strategy Unit currently has a full review of the Business Differential underway.

#### Level of UAGC

7. Under the current rating policy Council receives over half of its rates revenue from rates set from fixed charges. For the 2008/2009 year this is approximately 52% of the total rates revenue. This is possible due to the exclusion of targeted rates that are set solely for water supply or sewage disposal from the 30% limit imposed on the UAGC. In Waitakere's case the fixed charges are the Uniform Annual Charge (UAC) for Wastewater on residential properties and the UAC for Rural Sewerage.

8. In the 2008/2009 period Council set the level of the UAGC at \$690. This combined with the targeted rate for Environmental Monitoring (\$34) meant that the Council received 29.50% of rating revenue from these sources. These fixed rate charges are set slightly less than the maximum allowed under legislation (30%) to ensure that the level set is within the statutory limit and allows flexibility for the number of properties in the rating database as at 30 June each year.

#### **Glen Eden Business Improvement District Targeted Rate**

9. In the 2008/2009 financial year Council adopted a targeted rate in order to help fund Te Atatu Business Improvement District Association. In line with Council policy a targeted rate was set as a rate in the dollar of land value on business properties in Te Atatu Town Centre area. The amount raised for this purpose was \$70,000.
10. The Glen Eden Business Improvement District Association (GEBIDA) has voted on setting up a similar process for their funding. Should Council wish to proceed with providing a similar funding mechanism then a targeted rate for the GEBIDA will be necessary.

#### **Auckland Regional Amenities Funding Act**

11. On 29 August 2008 the Auckland Regional Amenities Funding Act 2008 (ARAF 2008) was passed into law. The ARAFA 2008 requires all Local Authorities in the Auckland Region to provide funding out of its general revenues for:
- Auckland Observatory and Planetarium Trust Board;
  - Auckland Philharmonia;
  - Auckland Regional Rescue Helicopter Trust;
  - Auckland Theatre Company Limited;
  - Coast Guard Northern Region Incorporated;
  - New Zealand National Maritime Museum Trust Board;
  - New Zealand Opera Limited;
  - Surf Life Saving Northern Region Incorporated;
  - The Auckland Festival Trust; and
  - Watersafe Auckland Incorporated.
12. Council's funding requirement towards these bodies for each financial year is based upon the proportion of total revenue from rates, less any provision for water supply or wastewater, for the entire Auckland Region.
13. Council is currently required to provide funding to the Auckland War Memorial Museum (AWMM) and the Museum of Transport and Technology (MOTAT) via Auckland War Memorial Museum Act 1996 and the Museum of Transport and Technology Act 2000. Council's current practice is to include these in the General Rate as well as showing the AWMM and MOTAT component on the rates notice.

#### **Remission and Postponement Policies**

14. Council currently has 4 existing remission policies:
- Policy 1 assists ratepayers who have recorded excessive water rates due to a leak in their private water reticulation system;

- Policy 2 allows for the remission of penalties to allow the Council to act fairly and equitably in particular to a ratepayer or group of ratepayers;
  - Policy 3 allows for the remission of the UAGC and/or targeted rate in situations where two or more rating units are in common usage; and
  - Policy 4 allows for the remission of all rates on non-revenue producing council owned properties.
15. Council also currently has 3 existing postponement policies in place to deal with impacts on residential and farmland properties affected by rezoning or for ratepayers facing severe financial hardship:
- Policy 1 has the objective to provide relief to the owners of farmland where the rateable value of a property that is used for farming purposes is in some significant way attributable to the potential use to which the land may be put;
  - Policy 2 has the objective to ensure that the owners of residential properties are not penalised because of the increases in the value of property due to the rezoning decisions by Council; and
  - Policy 3 has the objective to assist ratepayers who are experiencing severe financial circumstances that affect their ability to pay their rates.
16. A report on a Rates Postponement Retrofitting Initiative is being prepared and this may require slight amendments to the Rates Remission and Postponement Policies.

#### **Rugby World Cup Levy**

17. The Long Term Council Community and Annual Plan Special Committee have referred to the Finance and Operational Performance Committee for consideration the introduction of a targeted rate. The purpose of the rate is to raise the sum of \$285,000 in the 2009/2010 Rating Year to provide funding for:
- One level 2 and three level 3 live sites designed to attract a large number of local, domestic and international spectators;
  - A culture programme of entertainment at the live sites;
  - A number of community activation and participation programmes;
  - Implementation of the Sports and Recreation New Zealand (SPARC) initiated Volunteer Program;
  - City dressing including banners, floral displays and Rugby World Cup theming; and
  - Provision of free shuttle services between transport hubs and live sites.
18. It was also recommended that this rate be set and charged upon each separately used or inhabited part of a rating unit on all rateable land.

#### **Options Identified**

##### **Business Differential**

19. There has been a reorganisation of the Council's financial structure during the 2008/2009 year. This has meant that some of the budget items used in the calculation of the business sector differential have changed. Where possible efforts have been made to identify those elements in the new financial structure. However, not all costs have been able to be identified. Based on this an assessment of costs shows that 18.81% of the costs could be attributed to the business sector. Council's business sector differential for the current year is 20.00%.

20. Council may wish to maintain the level of business differential at 20.00% or based on the assessment of costs Council may wish to revise this differential downwards to around 19.00%.

#### **Level of UAGC**

- A1-A6* 21. Three different rates models have been prepared on the basis of the UAGC being set at \$690 (current dollar level), \$710 (mid point) and \$730 (current percentage level) respectively. A comparison of these three different models showing the impacts on single residential properties in the inner area, single residential properties in the outer area and single business properties in the inner area is attached at pages A1 to A6.

22. Over the past couple of years Council has set this rate at a level close to the maximum 30% allowed under legislation. The level at which Council wishes to set this rate is one of philosophical approach. Council may wish to continue to set a UAGC near the maximum level to reflect a view that ensures a minimum contribution from all ratepayers. Alternately, Council may wish to set the UAGC at a lower level with a view that a higher UAGC is regressive towards lower valued properties. Any change to the percentage level of the UAGC can create substantial variances in the incidence of rates for certain properties.

#### **Glen Eden Business Improvement District Targeted Rate**

23. Pursuant to Council policy, if Council wish to proceed with adopting a targeted rate for the GEBIDA this should be set up as a rate in the dollar on land value for all business properties in the Glen Eden Town Centre.
24. Alternately, Council may wish to fund this out of general rates or targeted rate on some other basis. However, this approach is not recommended as it is contrary to the current policy on funding Business Improvement District Association's (BIDA) and would create an inconsistency in the Rating Policy.

#### **Auckland Regional Amenities Funding Act**

25. Council is required to provide funding for regional amenities from 1 July 2009. Council may wish to collect the increased rate requirement as it currently does for MOTAT and AWMM. This is by including it in the general rate while also noting on the rates bill a break down of these component parts.
26. Alternately, Council may wish to set up a targeted rate specifically for this purpose. However, this is not recommended as it will not add any extra transparency while it will increase the possibility of confusing ratepayers.

#### **Remission and Postponement Policies**

27. Council currently has robust remission and postponement policies and allows for a wide variety of methods of payment of rates. There is therefore no requirement to make further changes to these policies or payment methods.

#### **Rugby World Cup Levy**

28. Rates funding for costs associated with the Rugby World Cup could either be included within the general rate component of rates or via a specific targeted rate. If funded via a targeted rate, this could be in the form of a UAC across all rating units or as a rate in the dollar. The main consideration being ones of visibility and suitability.

29. Funding the requirements via general rates would mean that the funding is not overly visible on the rates notice. A targeted rate based on land value would give rise to varying assessments of just a few cents to approx \$500 depending on the value of the property. A UAC targeted rate based upon separately used of inhabited parts would ensure a minimum assessment of \$4.50.

### **Consideration of Community Views**

30. Provision has been made in this year's budget to review the business sector differential. A report has been commissioned from Covec regarding Council's use of a business differential. In commissioning the report, Council has requested that the writers seek feedback from various members of the business sector who had raised concerns with Council over the impact of the current year rates. With particular focus on those properties that had received significant increases due to changes in property valuations at the last three yearly citywide property revaluation.
31. Consultation has taken place in the proposal to adopt the GEBIDA Targeted Rate. In keeping with Council Policy on BIDA's a vote is held by the GEBIDA regarding the introduction of a targeted rate for funding the GEBIDA's costs.
32. The ARAFA 2008 is recently adopted and as such has gone through public consultation in the forming of this legislation.
33. The recommendations included in this report are for Council to include for consultation in the draft LTCCP 2009-2019. Subject to the feedback received from the community from this process Council may take any of the items for consideration when adopting the LTCCP 2009-2019.

### **Preferred Option**

#### **Business Differential**

34. For continuity purposes and due to the difficulties in identifying the specific items in the new financial structure Council to maintain the level of business differential at 20.00%. This would be subject to any future decisions Council may wish to make once the Covec report regarding the review of the business sector differential has been presented.

#### **Level of UAGC**

35. In continuing with the approach of Council over the past couple of years, Council to set this rate at a level close to the maximum 30% allowed under legislation. This being at a level that reflects a view that ensures a minimum contribution from all ratepayers.

#### **Glen Eden Business Improvement District Targeted Rate**

36. Subject to Council approving funding for the GEBIDA, a targeted rate for the GEBIDA should be set up as a rate in the dollar on land value for all business properties in the Glen Eden town centre.

#### **Auckland Regional Amenities Funding Act 2008**

37. To meet the increased funding requirements from the ARAFA 2008 Council to collect the increased rate requirement as it currently does for MOTAT and AWMM. This is by including it in the general rate while also noting on the rates bill a break down of these component parts.

### Remission and Postponement Policies

38. It is suggested that not changes or additions are required to the Remission and Postponement Policies at this time.

### Rugby World Cup Levy

39. Should the Finance and Operational Performance Committee wish to provide funding for costs associated with the Rugby World Cup then it is recommended that this be in the form of a uniform charge based upon each separately used or inhabited part of a rating unit.

### STRATEGIC CONTEXT

40. Rates must be set levied in accordance with the provisions of the Local Government (Rating) Act 2002 and the Local Government Act 2002. Any changes to the rating system must be adopted as part of the LTCCP 2009-2019 process.

### CONSULTATION

41. The recommendations covered in this report are for inclusion for consultation in the draft LTCCP 2009-2019.

### RESOURCES

42. This report has no resource implications.

### IMPLEMENTATION ISSUES

43. There are no implementation issues identified for this report.

**Report prepared by:** John Mackenzie, Group Manager: Rates and Financial Transactions and Aaron Matich, Financial Analyst – Rates.



## PART C - LEGAL AND CONSTITUTIONAL

### 6 AFFIXATION OF COMMON SEAL

#### RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Affixation of Common Seal report.
2. **Agree** that the action taken in affixing the Common Seal on the documents as set out in the agenda report be adopted.

**EXECUTION OF DOCUMENTS: 2 to 27 February 2009**

Nº	NAME	PARTICULARS
4672	WCC - SGL Properties Limited	Memorandum of Encumbrance - Certificate of Title NA108C/392 - 5 Tolich Place, Henderson
4673	WCC - EcoMatters Environment Trust	Deed of Lease - 4 Olympic Place, New Lynn (Olympic Park) - Lot 8 DP 36352 (in duplicate)
4674	WCC - GM McRae	Drainage easement in gross - Certificates of Title 392029 to 382033 inclusive - 56, 56A, 56B, 56C and 56D Titirangi Road, New Lynn - RMA20051280
4675	WCC - CH & S Thompson	Encumbrancee's consent to variation of mortgage - 35 Woodfern Crescent, Titirangi - Rule 44.2
4676	WCC - SR & JR White and MGA Trustees Limited	Deed of Reinstatement and Variation of Lease - GPT Building, 4 Waipareira Avenue - Renewal of Lease to 2011
4677	WCC as Head Lessor	Deed of Assignment - Sagar Enterprises Limited to Sainath Enterprises Limited - Shop 3B at Westpark Marina
4678	WCC - SMM Anderson and J Donovan (Waihuia Limited)	Authority and Instruction for Drainage easement in gross - 34-48 Upland Road, Huia - RMA2006/40
4679	WCC - Barnardos New Zealand	Deed of Lease (Cranwell Park) - resolutions 788/2007 and 2169/2006 (in duplicate)
4680	WCC - KiwiTrikers Social Club Incorporated	Deed of Lease (part Corban Reserve) - resolution 3146/2007 (in duplicate)
4681	WCC - Ruth Mary Andrew-Bidois	Warrant of Appointment and Evidence of Identity - No.WCC366 (lost - reissued)
4682	WCC - Ye Ye Li	Warrant of Appointment and Evidence of Identity - No.WCC420 (name change - reissued)
4683	WCC - Natalie Marsden	Warrant of Appointment and Evidence of Identity - No.WCC428
4684	WCC - Zeke Fiske	Warrant of Appointment and Evidence of Identity - No.WCC429
4685	WCC - Kevin Allan Rooney	Warrant of Appointment and Evidence of Identity - No.WCC430
4686	WCC - Portage Licensing Trust	Deed of Licence for Occupational Road adjacent - 10 Todd Avenue - resolutions 1711/2008 and 1911/2008
4687	WCC - AC and DM Major	Consent to vest land as road - s.114 Public Works Act 1981 - 45 Sunnyside Road, Titirangi - resolution FOP 1912/08
4688	WCC - L Milun	Fencing agreement - Certificate of Title 433150 - 662 Te Atatu Road, Te Atatu Peninsula - RMA20061835

**Report prepared by:** Denis Sheard, Legal Services Manager.



## **PART D - FINANCE**

### **7 BORROWING AND INVESTMENT REPORT**

#### **GLOSSARY**

Long Term Council Community Plan	(LTCCP)
Waitakere City Council	(the Council)
Finance and Operational Performance Committee	(the Committee)

#### **EXECUTIVE SUMMARY**

This is a monthly report to Waitakere City Council's (the Council's) Finance and Operational Performance Committee (the Committee) and is also a requirement of the Council's adopted Liability Management and Investment Policy. It provides information on the Council's borrowing and investment activities over the past month and also high level information on current financial market conditions. From time to time additional and more detailed information is requested on particular areas of interest by the Finance and Operational Performance Committee or other Committees.

#### **RECOMMENDATIONS**

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Borrowing And Investment Report.
2. **Approve** the Borrowing And Investment Report.

#### **BACKGROUND**

1. The Council enters into treasury related financial contracts in the ordinary course of its business. It is the role of the 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 the Council's debt and cash investments, and provides a general commentary of financial market conditions.

A7-A12

2. The relevant portfolio and graphs reflect the estimated position as at 31 January 2009 and are attached at pages A7 to A12.

#### **DECISION MAKING**

3. The Finance and Operational Performance Committee must consider whether to approve the Borrowing and Investment Report.

#### **Issues**

4. The Council's Funds Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables the Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan (LTCCP), while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assist the 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 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; and
  - Market commentary.
5. This report addresses the requirement of the Liability Management and Investment Policy and may include other information that is relevant to the Funds Management function.

### Financial Implications

6. The active management of the treasury portfolio seeks to minimise the 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 the Council's portfolio.
7. The Council maintains a Standard and Poor's Credit Ratings of A-1 short term, and A+ long term (stable).
8. The Council has adopted financial ratios included in its Liability Management and Investment Policy which provides limits on the level of debt and interest the Council will have. The following table shows the ratio limit, the 2007/2008 actual and the 2008/2009 budgeted levels.

Financial Ratio	Policy	Actual 2007/08	Budget 2008/09
Net debt as percentage of equity	<25%	17.48%	20%
Net Debt as a percentage of income	<200%	144.48%	194%
Net interest as a percentage of income	<20%	9.40%	11%
Net Interest as a percentage of rates	<25%	17.70%	18%

### Interest Rates

9. After the Reserve Bank of New Zealand cut in the Official Cash Rate on 29 January 2009 to 3.50%, 90 day bank bills have traded lower to a current level of 3.19%. This is a strong indication of the financial markets expectations of another significant cut in the Official Cash Rate on 12 March 2009.
10. The Reserve Bank, in their last statement said:
- “Further movements in the Official Cash Rate will be assessed against emerging developments in the global and domestic economies and the response to policy changes already in place. We would expect any further reductions to be smaller than those seen recently”.*
11. Global economic news has remained rather negative, and it is likely this will be the case for some time yet. Locally, the debate on how high the unemployment rate will go has taken front stage. Other news included a better than expected trade deficit, which in itself seems like good news, but reading between the lines, exports were weak, but imports were weaker. Local Building consents are also heading lower, though consents for building alterations are improving.

12. The other real fear facing the local banking industry is the increase in retail bonds entering the financial market. While this does sound like good news to the retail investor market, it has significant repercussions for banks who find themselves losing a significant pool of cheap funding. This means banks will be forced to increase their reliance on international markets for funding, and with this, comes the increasing level of guarantees the Government will need to give on that borrowing. The increased cost of bank funding will no doubt be passed directly to the borrowers. While the Reserve Bank has been aggressively cutting its Official Cash Rate and telling local banks to pass on the decrease to borrowers, a time will come when Reserve Bank cuts can not be passed on by banks as their funding costs increase.
13. With the Government guarantee on wholesale bank borrowing likely to increase, and the deterioration of the Government financial position and increasing unemployment, there is a real risk that the New Zealand sovereign credit rating is downgraded. This again will put upwards pressure on borrowing costs, effectively nullifying the Reserve Bank's Official Cash Rate decreases.
14. The local government retail bond market is becoming a major source of liquidity to the sector. Auckland City Council entered the market with a five year \$100 million bond offering with the ability to accept \$50 million of over subscriptions. The coupon was set at 6% or 2% higher than the 5 year wholesale swap interest rate. The demand was unprecedented with some \$500 million of bids being received. This is money currently sitting in banks or equities looking for somewhere safe, and with a better return. A coupon of around 6% is generally far better than what the local banks are paying. Interestingly though, Westpac is currently offering 6% for 5 year term investments, which suggests they are becoming increasingly concerned about losing their deposits to alternative investments. Obviously, if Westpac's approach becomes normal, how can longer term mortgage rates go lower than the prevailing interest rates that are shown to attract bank term deposit investors.

### **STRATEGIC CONTEXT**

15. The management and use of borrowing and investments is aligned to all of the Council's strategic objectives, as adopted in both the LTCCP 2006-2016 and the Annual Plan 2008/2009.

### **Preferred Option**

16. There is no preferred option presented with this report.

### **CONSULTATION**

17. This report includes data sourced by the Council's external treasury advisors, Asia Pacific Risk Management, and material, opinions or views sourced from various financial institutions.

### **RESOURCES**

18. The Council, through its Annual Plan 2008/2009, provided for total new borrowings of \$224.915 million, including loans attributable to projects carried forward from previous years totalling \$105.488 million. Total interest cost has been provided in the Annual Plan 2008/2009 of \$27.292 million.

## IMPLEMENTATION ISSUES

19. There are no implementation issues identified for this report.

**Report prepared by:** Bruce Wilkin, Group Manager: Funds Management.



## 8 DRAFT LIABILITY MANAGEMENT AND INVESTMENT POLICY

This report was not available at the time of printing and will be circulated separately with the agenda.



## 9 OPERATING AND CAPITAL EXPENDITURE SUMMARY

### EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee on the level of operating and capital expenditure to the end of January 2009 compared to budget.

### RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

**Receive** the Operating And Capital Expenditure Summary report.

### BACKGROUND

1. Through the Long Term Council Community Plan and Annual 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.
2. If any further information is required in respect of this report, other than of a general nature, please contact the writer prior to the meeting to enable the query to be researched.

*A13-A19*

3. This report covers expenditure for the seven months to 31 January 2009. The financial summary and notes are attached at pages A13 to A19.

### DECISION MAKING

4. There are no decisions required in respect of this report.

### Issues

*A13-A19*

5. Explanations for significant variances between actual results to date and the annual plan budgets are provided for the overall operating performance statement (including commentaries on the performance of council trading activities) and capital expenditure attached at pages A13 to A19.

6. Due to Unit resources being deployed for the preparation of the draft Long Term Council Community Plan 2009-2019 budget, a comprehensive forecast of the financial results (both operating and capital expenditure) to the end of the 30 June 2009 financial year are not ready to be reported to the Finance and Operational Performance Committee meeting this month. The forecast is now being worked on and will be discussed with the Councillor Budget Review Group by the Director: Finance before presenting the information to the Committee at future meetings.

#### **STRATEGIC CONTEXT**

7. The Council's operating and capital expenditure delivers projects necessary to achieve the Council's strategic direction.

#### **CONSULTATION**

8. No consultation was required in respect of this report.

#### **RESOURCES**

9. This report has no resource implications.

#### **IMPLEMENTATION ISSUES**

10. There are no implementation issues in respect of this report.

**Report prepared by:** Khee Mee Soo, Deputy Director: Finance.



## **10 STATUS OF SPECIAL FUNDS**

### **EXECUTIVE SUMMARY**

A20

The purpose of this report is to inform the Finance and Operational Performance Committee on the status of the Council's special funds as at 31 January 2009, as attached at page A20.

### **RECOMMENDATION**

It is recommended that the Finance and Operational Performance Committee resolve to:

**Receive** the Status Of Special Funds report.

### **BACKGROUND**

1. Special funds are those funds held or designated by the Council for a specific purpose or purposes. The balances of these funds are used to offset the Council's borrowing requirements. Interest is allocated to funds where applicable.
2. 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 the 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.

### DECISION MAKING

3. There are no decisions required in respect of this report.

### STRATEGIC CONTEXT

4. The Council uses special funds as provided for in Long Term Council Community Plan and Annual Plans.

### CONSULTATION

5. No consultation was required in respect of this report.

### RESOURCES

6. This report has no resource implications.

### IMPLEMENTATION ISSUES

7. There are no implementation issues in respect of this report.

**Report prepared by:** Khee Mee Soo, Deputy Director: Finance.



## 11 **PERFORMANCE REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

### EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee on the performance measures for the six months ended 31 December 2008.

### **RECOMMENDATION**

It is recommended that the Finance and Operational Performance Committee resolve to:

**Receive** the Performance Report For The Six Months Ended 31 December 2008.

### BACKGROUND

1. Through the Long Term Council Community Plan and Annual Plan process, the Council approves its performance measures. A number of these measures are annual measures and are not reported at this stage. The measures for the full year are published in the Council's Annual Report and are subject to Audit.
2. If any further information is required in respect of this report, other than of a general nature, please contact the writer prior to the meeting to enable the query to be researched.
3. This report is for the six months ended 31 December 2008 and is attached at pages A21 to A39.

## DECISION MAKING

4. There are no decisions required in respect of this report.

## Issues

5. Comments are made on measures where reported targets have not been met.

## STRATEGIC CONTEXT

6. The Council's performance targets measure the performance of those operational areas that contribute to achieving the Council's strategic direction.

## CONSULTATION

7. No consultation was required in respect of this report.

## RESOURCES

8. This report has no resource implications.

## IMPLEMENTATION ISSUES

9. There are no implementation issues in respect of this report.

**Report prepared by:** Khee Mee Soo, Deputy Director: Finance.



## 12 WAITAKERE PROPERTIES LIMITED AND WAITAKERE ENTERPRISE TRUST BOARD REPORTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

### EXECUTIVE SUMMARY

The purpose of this report is to present to the Finance and Operational Performance Committee the reports, for the six months ended 31 December 2008, for Waitakere Properties Limited and the Waitakere Enterprise Trust Board. Waitakere City Holdings Limited does not prepare formal quarterly reports as the company operates as a consolidating entity for its subsidiaries and has few transactions of its own.

*A40-A79* The Six Month Reports, which include the financial statements, performance report, and a summary schedule of Trust Account transactions, along with the Second Quarter Report to December 2008 for Waitakere Properties Limited, are attached at pages A40 to A79.

*A80-A122* The Financial Statements Report for the six months 31 December 2008 and the Statement of Service Performance for the second quarter to 31 December 2008 for Waitakere Enterprise Trust Board are attached at pages A80 to A122.

Presentations will be made at this meeting by the Boards and Management of these organisations.

## **RECOMMENDATION**

It is recommended that the Finance and Operational Performance Committee resolve to:

**Receive** the Waitakere Property Limited And Waitakere Enterprise Trust Board Reports for the Six Months Ended 31 December 2008.

## **BACKGROUND**

1. Council has a 100% shareholding in Waitakere City Holdings Limited which in turn has a 100% shareholding in Waitakere Properties Limited. Waitakere Properties Limited has a 40% shareholding in Prime West Management Limited. Waitakere City Holdings Limited is tasked, by Council, with overseeing the operations of its subsidiaries and the Waitakere Enterprise Trust Board. Waitakere Properties Limited manages commercial property projects on behalf of the Council. These projects are usually managed through a "deed of trust" individually set up for each project. Prime West Management Limited is responsible for managing the operations of the film studio facility located on Henderson Valley Road. On behalf of Council, the Waitakere Enterprise Trust Board is tasked with undertaking initiatives which accelerate the sustainable economic growth of the City.
2. Council, through the respective Statements of Intent, requires that Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board, present to Council quarterly performance reports. Waitakere City Holdings Limited does not prepare formal quarterly reports as the company operates as a consolidating entity for its subsidiaries and has few transactions of its own. Prime West Management Limited is not classed as a "council-controlled organisation" within the meaning of the Local Government Act 2002, and, as such, is not required to report formerly through to Council. However, it is likely that some form of formal reporting will be developed in the near future.
3. Waitakere City Holdings Limited does not prepare formal quarterly reports as the company operates as a consolidating entity for its subsidiaries and has few transactions of its own.

## **DECISION MAKING**

4. There are no decisions required in respect of this report.

## **STRATEGIC CONTEXT**

5. Council has a financial investment in Waitakere City Holdings Limited, its subsidiary (Waitakere Properties Limited) and Waitakere Enterprise Trust Board. The two companies and one Trust 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.

## **CONSULTATION**

6. No consultation was required in respect of this report.

## **RESOURCES**

7. This report has no resource implications.

## IMPLEMENTATION ISSUES

8. There are no implementation issues in respect of this report.

Report prepared by: Steve Jensen, Manager: Financial Processes.



## PART E - GENERAL

### 13 ELECTED MEMBERS REMUNERATION - REMUNERATION AUTHORITY DETERMINATION 2009/2010

#### GLOSSARY

Remuneration Pool (pool)

#### EXECUTIVE SUMMARY

The purpose of this report is to advise the Finance and Operational Performance Committee of the new remuneration pool (pool) available for the Council's Elected Members salaries for the period 1 July 2009 to 30 June 2010, as released by the Remuneration Authority. The Council is required to decide on the apportionment of the pool amongst Elected Members, except for the Mayor, whose salary is determined by the Remuneration Authority.

This is an annual process and the next new determination will be made available for the year commencing 1 July 2010.

The Council in previous workshops and meetings since 2005 has confirmed the basis for allocating the pool. This is required to be confirmed by a formal resolution and submitted to the Remuneration Authority for re-approval each year.

Consultation must take place with Community Boards who have the opportunity to advise the Remuneration Authority whether they agree or disagree with the Council's determination. The Community Boards have also previously discussed the basis for allocating remuneration for Elected Members in Waitakere and generally agree with the Council's decision. Each Community Board was advised at their December 2008 round of meetings that the Council will be determining the allocations for the year ahead and their comments were sought on the current allocation formula based on an indication by the Council that there was unlikely to be any change. At that time the Community Boards were not aware of the Remuneration Authority's advice proposing an increase in the pool.

The Remuneration Authority will consider proposals put forward by the Council, and any comments made by the Community Boards, before making their final determination.

#### RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Elected Members Remuneration - Remuneration Authority Determination 2009/2010 report.
2. **Agree** to retain the same method of apportionment of the remuneration pool.

3. **Approve** that it be recommended to Council that the following salaries for Elected Members be recommended to the Remuneration Authority:
  - Deputy Mayor - \$81,753;
  - Chairmen of Committees:
    - (Planning and Regulatory, Finance and Operational Performance, Infrastructure and Works, NorSGA Urban Development, and Culture and Community Committees) - \$71,793.
  - Chairmen of Other Committees:
    - Chairman - Long Term Council Community Plan and Annual Plan Committee - \$68,625;
    - Chairman - Policy and Strategy, Emergency Services Committees - 0;
    - Chairman - Performance Review Committee - 0;
    - Chairman - Tenders Subcommittee - 0;
    - Chairman Creative Communities Funds Allocation Subcommittee - 0
  - Deputy Chairmen:
    - Deputy Chairmen Infrastructure and Works, Planning and Regulatory and Culture and Community Committees - \$58,067.
  - Other Councillors - \$55,333;
  - Community Board Chairmen - \$25,299;
  - Community Board Members - \$13,022.
4. **Approve** that it be recommended to the Remuneration Authority that Councillors and Community Board Members receive a fortnightly allowance to cover reimbursement and expenses of the following costs incurred as appropriate:
  - Reimbursement of one domestic line rental and one domestic line maintenance charge related to telephone, fax and email operation and the call minder facility (currently \$21.23 based on the monthly charge to Council of \$46);
  - The provision of a cell phone or mobile device to Councillors and Community Board Members on the Council's plan under the same terms and conditions as cell phones are provided for business use for staff including the repayment of private calls, or, where a cell phone/mobile device is not provided but a private cell phone/mobile device is made available for Council use, an allowance on the basis of the Council's Call Plan including the call minder facility (currently \$13.85 based on the monthly charge to Council of a cell phone of \$35); and
  - Reimbursement of the best flat rate monthly fee available to the Council for a Broadband connection suitable for Council business operations (currently \$16.15 based on the monthly charge to Council of \$30) (available to Community Board Chairmen but not currently available to Community Board Members).
5. **Note** that the resource consent hearing fees will be paid in accordance with the determination of the Remuneration Authority (currently \$85 per hour of meeting time for the Chairman and \$68 per hour of meeting time for Elected Members).

6. **Approve** that Councillors and Community Board Members may claim reasonable business related call costs on telephone or cell phone on a monthly basis provided they are supported by presentation of an account detailing to whom the calls have been made.
7. **Approve** that Councillors and Community Board Chairmen be paid a flat fortnightly fee of \$9.23 (based on a monthly allowance of \$20) to cover all consumables (not currently available to Community Board Members) for computers including laptops, printers, facsimiles, etc.
8. **Approve** that Councillors and Community Board Chairmen will be supplied with either a personal computer at home or a laptop, if necessary, and that those Councillors who provide their own computer equipment be paid an additional fortnightly allowance of \$23.08 (based on an additional monthly allowance of \$50).
9. **Note** that no other telephones, fax machines, cell phones etc., unless specifically provided for in this determination, will be provided to Elected Members.
10. **Approve** that all actual or related expenses incurred by an Elected Member when on approved Council business will be met by the Council.
11. **Approve** that the rate for reimbursing an Elected Member for travel, using their own motor vehicle on Council business, is the maximum set by the Remuneration Authority (currently \$0.70 per kilometre), and the Council will also pay the approved rate to appointed Elected Members. Any infringement fees e.g. parking and speeding infringements are by law the responsibility of the offender.
12. **Approve** that the Chairman of Te Taumata Runanga be paid a salary of \$22,672.
13. **Approve** that the non-elected Te Taumata Runanga representative appointed to the Policy and Strategy Committee when acting as an alternate for the Chairman of Te Taumata Runanga be paid a meeting fee aligned with those fees payable for resource consent hearings members (refer to Clause 3 of this resolution) (currently \$68 per hour of meeting and workshop time).
14. **Approve** that all appointed non-Elected Members of Council Committees (except Te Taumata Runanga representative to the Policy and Strategy Committee) and Subcommittees, except the Hearings Committee, be paid a meeting fee of \$233.

## BACKGROUND

1. The Remuneration Authority has gathered statistical information and has determined that the pool for remuneration of Council's Elected Members for the year 1 July 2009 to 30 June 2010 will increase to \$1,205,127 (an increase of \$61,749 or 5.40% from the previous pool sum of \$1,143,378). The review of the pool is an annual process. The pool for 2008/2009 was the same as for 2007/2008 i.e. there was no increase last year.
2. The Council in previous workshops and meetings held since 2005 has confirmed the basis for allocating the pool. This is required to be confirmed by a formal resolution and submitted to the Remuneration Authority for re-approval.
3. The Remuneration Authority is established and derives its delegations and functions from the Remuneration Authority Act 1977 and makes determinations on local authority remuneration pursuant to Schedule 7, clause 6 of the Local Government Act 2002.

4. Until the enactment of the Local Government (Elected Member Remuneration and Trading Enterprises) Amendment Act 2001, Elected Members salaries and meeting allowances were set by a determination made by the Minister of Local Government. That determination set maximum salaries and meetings allowances for local authority Elected Members. For each determination the remuneration was linked to the population of each local authority. Waitakere's determination was in the over 150,000 population category. Each incoming Council needed to resolve Elected Members salaries and meeting allowances up to the maximum permitted. Over the course of a triennium the Minister of Local Government would revise the remuneration and the Council would need to consider the issue in light of any new determination.
5. The responsibility for setting Elected Members remuneration is now with the Remuneration Authority. The Remuneration Authority is required to determine remuneration, allowances and expenses payable to all Elected Members, whilst having regard to:
  - the need to minimise the potential for remuneration to distort the behaviour of Elected Members;
  - the need to achieve and maintain fair relativity with the levels of remuneration received elsewhere;
  - the need to be fair to both the person whose remuneration is being determined and rate payers; and
  - the need to recruit and retain competent persons.
6. The Remuneration Authority established remuneration for all Elected Members and all local authorities in 2002 following consultation on a discussion paper and the release of the first indicative pool. They have since released new pools on an annual basis and the Council has the opportunity to change the way it allocates remuneration each time a new pool is determined. A review is also conducted following each triennial election, as Council's often change their committee structure and consequently the number of chairmen etc. Those factors affect the allocation.
7. The Council has established the apportionment of the pool and this has been approved by the Remuneration Authority each year. The Community Boards also consider the Council's decision and make any representations to the Remuneration Authority. After due consideration, the Remuneration Authority has approved the Council's apportionment of remuneration each year to date.
8. The Community Boards were requested to provide their views on the current apportionments formula ahead of knowing what the pool for the year was to be. The early consideration helps to meet the timeframes imposed by the Remuneration Authority. In the meantime, advice of the new pool from the Remuneration Authority has been received.

## **DECISION MAKING**

### **Issues**

#### **Remuneration Pool and Salaries**

9. The total pool is set by the Remuneration Authority and cannot be adjusted. The total pool established by the Remuneration Authority for this consideration is \$1,205,127 (last year the pool was \$1,143,378, in 2007 it was \$1,141,883, in 2006 it was \$1,078,343 and in 2005 it was \$1,026,872). The total increase in the pool for 2008/2009 was attributable to a small increase in the Mayor's salary. There was no change to the adjusted pool available for distribution to Councillors and Community Board Members.

10. The Mayor's salary is set by the Remuneration Authority and cannot be adjusted. The Mayor's salary (including the value of any deduction for a motor vehicle) is included in the pool although separately specified. The total salary payable to the Mayor is set at \$145,477 (last year it was \$139,705, in 2007 it was \$138,210, in 2006 it was \$132,151 and in 2005 it was \$126,457), inclusive of a motor vehicle. A deduction of 20% of the cost of the vehicle is made for full private use of the vehicle. This deduction rate is set by the Remuneration Authority.
11. The increase in the Mayor's salary this year is \$5,772 or 4.13%. That increase is less than the 5.40% applied to the total pool. The Mayor's salary was increased 1.1% last year.
- A123-A127 12. A copy of the advice from the Remuneration Authority is attached at pages A123 to A127.
13. Half of the total sum payable to Community Board Members is deducted from the total pool and the other half is paid outside of the pool. The half outside the pool can be thought of as a "top up". Any further adjustment to the Community Board Chairmen and Elected Members salaries will necessitate an adjustment to the salaries payable to Councillors but not the Mayor.
14. All Community Boards are treated equally as a matter of principle.
15. In recent years the Council has determined that all Elected Members should share the increase by an equal percentage (except the Mayor which is established as a fixed sum by the Remuneration Authority). That same principle is being applied again this year. This has the effect of retaining relativities on the basis of agreed job size.
- A128-A129 16. A change to the distribution was made following the 2007 elections to cater for additional Chairmen including making additional payments to three Deputy Chairmen. A copy of the spreadsheet showing the calculations of each category of salary, the change and a reconciliation with the total pool is attached at pages A128 to A129.
17. Payments to appointed Community and Iwi/Maori representatives on Committees are outside the pool. These payments are matters that lie with the Council and are not within the Remuneration Authority's brief. Council has set a salary for the Chairman of Te Taumata Runanga and meeting fees as appropriate for appointed Members to Te Taumata and any other Committees of the Council. The Council has previously determined that where the representative from Te Taumata Runanga on the Policy and Strategy Committee is other than the Chairman that representative be paid the same hourly rate as for Hearing Commissioners - currently \$68 per hour of meeting and workshop time. Any alteration to the determination made by the Council on this remuneration will not affect the pool established by the Remuneration Authority for Waitakere. The same movement in Elected Members remuneration has been applied to the salary for the Chairman of Te Taumata Runanga and to payments to any alternate representative on the Policy and Strategy Committee.
18. No changes are proposed to the way in which payments are claimed or made except that as payments are now made fortnightly in arrears, instead of monthly in arrears, allowances paid as additional to salary fortnightly have been converted to fortnightly apportionments.
19. Any payments to Elected Members for resource consent hearings are outside the pool.

20. Expenses, including mileage allowances, are outside the pool, although the actual amounts/rates that can be claimed are set by the Remuneration Authority.
21. This report also recommends amounts/rates for all allowances and reimbursement of expenses for submission to the Remuneration Authority. No changes are proposed to these payments at this time.
22. Should the Council wish to, it may request the Remuneration Authority to reduce the pool. This requires a unanimous vote of the Council.
23. The Henderson and Massey Community Boards, in their recommendations to the Council on apportionment of remuneration, considered that it was inappropriate for Elected Members to accept an increase in remuneration during this time of economic crisis, however, if the Council did decide such an increase was warranted then the increase should be applied equally across all Elected Members. New Lynn and Waitakere Community Boards also agreed that any increase should be applied equally across all Elected Members.

### **Expenses**

24. The Council reviewed the expenses currently approved by the Remuneration Authority with a view to recommending any changes following the 2007 elections. All of the changes requested by the Council were approved. It is not proposed to seek any further changes at this time.
25. Elected Members may also incur expenses that arise as a direct result of carrying out the role of an elected representative. Some of those expenses not covered by allowances already paid may be claimable as an expense reimbursement through Council. Other expenses may be claimable in an annual tax return.
26. Elected Members need to be aware of their responsibility for all taxation issues. Each will need to keep evidence of expenditure incurred for which the appropriately selected reimbursement allowances are claimed in case Inland Revenue seeks justification of the claim.
27. The Remuneration Authority have jurisdiction to make the determination and have requested representations from the Council. Consequently Elected Members have no pecuniary interests in voting on salaries and personal allowances. Elected Members will be advised when the determination has been made. Each Elected Member will have a choice whether to claim payment of allowances, part claim or not to make any claim at all. With respect to salaries, Elected Members are required to take the amount that is determined by the Remuneration Authority.

### **Meeting Allowance Rates**

28. No meeting allowance rates will be payable except for appointed Members to Council Committees and Subcommittees and in respect of Members acting as Hearing Commissioners. The meeting allowance rate has been adjusted by the equivalent movement to remuneration levels.

### **STRATEGIC CONTEXT**

29. The Council is committed to increasing community participation and democratic processes. The way Elected Members are remunerated and the quantum of that remuneration will have considerable bearing on who can and who cannot stand for election. It has long been recognised that the role of an Elected Member can require a substantial investment of time and commitment and that this

commitment can make it difficult to hold down either full or part time employment. The interests of a diverse and young community such as Waitakere are best served by a diversity of candidates.

## CONSULTATION

30. Consultation has occurred with Community Boards as required by the legislation.

## RESOURCES

31. Resources for the provision of payment to Elected Members are provided for in the Annual Plan. There was only a small increase in the pool last year covering the increase to the Mayor's salary. Discussions with the Remuneration Authority at that time indicated that the data used (population, expenditure, asset valuation and indications of extent of change) actually indicated that a reduction should have applied for 2008/2009. The Remuneration Authority used their discretion to retain the substantive pool at the same level as the previous year. Further indications were that little or no movement could be expected again this year. Consequently no increase was included in the budget preparation for 2009/2010. The sum required of \$61,749 is currently provided "below the line" and will have to be moved 'above the line' and included in the 2009/2010 budgets by the Long Term Council Community Plan and Annual Plan Committee during their deliberations.

## IMPLEMENTATION ISSUES

32. There are no implementation issues associated with this report.

**Report prepared by:** Darryl Griffin, Group Manager: Democracy and Support Services.



## 14 WAITAKERE NON STRATEGIC LAND DISPOSAL ISSUES AND OPPORTUNITIES

### GLOSSARY

Reserves Act 1977	(Reserves Act)
Draft Parks and Open Space Acquisition and Divestment Plan	(the draft Plan)
Draft Long Term Council Community Plan 2009-2019	(draft LTCCP)
Government Valuation	(GV)
Local Government Act 2002	(LGA)
Waitakere Properties Limited	(WPL)
Long Term Council Community Plan	(LTCCP)

### EXECUTIVE SUMMARY

The purpose of this report is to provide high level considerations and information to the Finance and Operational Performance Committee on the range of possible non strategic and development property land holdings in Council's current ownership which may be considered appropriate for disposal. The report outlines issues associated with the range of land holdings and disposal processes associated with each.

The report also outlines a range of approaches to each of the different land types in order to gain the most appropriate response to addressing non strategic land within the City and its possible disposal and where appropriate re-investment. The report recommends a consultative process through the draft Long Term Council Community Plan 2009-2019 (draft LTCCP) to gain community feedback on the principle of disposal of non strategic land within the City.

### **RECOMMENDATIONS**

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Waitakere Non Strategic Land Disposal Issues And Opportunities report.
2. **Agree** in principle that there may be benefit in implementing a programme of disposal of non strategic land holdings within the City.
3. **Agree** to propose that the principle of Council disposing of non strategic land to ensure a prudent ten year financial plan be added as a topic to the key issues section in the draft Long Term Council Community Plan 2009-2019 and Summary Statement of Proposal scheduled to be adopted by Council on 20 March 2009.
4. **Direct** the Chief Executive Officer to report back to the Long Term Council Community Plan and Annual Plan Committee in June 2009 with a further report outlining the response from the community to the proposal to dispose of non strategic land within Waitakere City and with recommendations for implementation options for any disposal programme that might be considered appropriate based on that feedback.

### **BACKGROUND**

1. Council has requested the investigation of all land holdings currently held in Waitakere in order to identify any pieces of land which may be considered as non strategic and which therefore offer an opportunity for disposal.
2. There are three main areas of land holdings, they consist of parks and open space (which includes a small number of road reserves currently used as open space), property land and development properties.
3. Each of the land holdings will need to be assessed on a case by case basis to determine the most appropriate methodology for disposal to ensure the best outcome for Council. This may include, for example, development of properties through subdivision etc prior to disposal. This detail would need to be considered when any list of proposed disposals was confirmed.

#### **Parks and Open Space**

4. Land currently held as open space is acquired through a number of mechanisms. How the land was acquired determines how any disposal and funds associated by disposal can be spent and also determines the level and type of process and consultation required for the disposal.
5. The Parks Planning section have been preparing a draft Parks and Open Space Acquisition and Divestment Plan (the draft Plan) concurrently with work being undertaken on the draft Parks and Open Space Strategy. Due to the acquisition component of this draft report it will be reported to Council as a confidential report through a separate process. The draft Plan provides details on the mechanisms and processes associated with implementation of any reserve divestment and as such will be able to inform any subsequent decision regarding land disposal.

6. The current policy for the acquisition of parkland, the Parks Acquisition Plan, which was adopted by Council in 2002, mentions the divestment of park land but does not establish any formal policy with regards to divestment of parks and open spaces. Following the adoption of the Parks Acquisition Plan, there was an attempt to dispose of some park properties with the recovered funds to be used for the development and improvement of adjoining reserves in the same area. The draft Parks and Open Space Strategy also identifies the need to sell some parks and reuse the recovered funds to purchase land to improve the road frontage of land locked parks and improve safety and surveillance of the parks.
7. At that time the sale of the identified reserves was met with considerable resistance from the public. The process was suspended due to this high level of resistance and has not been reintroduced, other than ad hoc land swap or disposal opportunities which arise and which are reported on an individual basis to Council.
8. The purpose of the divestment section of the draft Plan is to outline a programme of works with associated requirements, constraints, opportunities and planning around divestment and rationalisation of reserves within Waitakere. It highlights a proposed programme of progressive implementation at a local level (rather than Citywide notification of wholesale divestment) in order to improve community understanding, engagement, and endorsement of the programme and each individual divestment project, which in turn will improve the success of the programme.
- A130 9. Of the 578 parks that Waitakere City Council currently owns, the draft Plan identifies 36 parks that could be considered for full or part divestment due to limited size, poor road frontage, poor location and other criteria. The 36 parks total 13.9 hectares with a Government Valuation (GV) of \$7,208,259. A summary of the possible values is attached at page A130.
10. The GV of the parks land is considered low as it is valued as 'open space'. All open space land would generally require a plan change as part of the divestment to allow for the site to be developed appropriately by the purchaser and for Council to realise the value of the land.
11. Parks and open space divestments will incur additional costs compared to other property divestments, and are more complex. Considerations would include:
  - How the land was acquired and associated implications of divestment (particularly the Reserves Act 1977 (Reserves Act) and Public Works Act);
  - Reserve revocation and public consultation; and
  - Plan Changes from open space to appropriate zoning.

### **Property Land**

12. Land held within the Property section of Council consists of a range of property types including land with existing infrastructure (houses) and bare land.
- A130 13. The Property unit has identified 13 properties (or part of) that may be considered non strategic and appropriate for disposal with a land area totalling approximately 2.8 hectares and approximate GV of \$6,343,000. A list of these properties is attached at page A130.

### Development Properties

- A131
14. Development properties are those properties that have been vested in Waitakere Properties Limited (WPL) through the Deed of Trust mechanism. They are held as medium to long term holdings, which Waitakere Properties will develop and deliver a return to Council.
  15. An outline of the full list of current development property holdings (there has been no assessment yet around which of these may meet the criteria for being non-strategic and therefore suitable for disposal) which are held in Deed of Trust (the exception being Clark Road which is a long term land bank in a future development area), is attached at page A131.
  16. The Development Property portfolio has 33.619 hectares of land with a GV of \$42,610,000. However, it should be noted that a large portion of this value is Waitakere Central land and buildings with a GV of \$11,550,000. This excludes the Council building and associated land (1.6164 hectares with a GV of \$41,100,000) and is the value of the Central One building and the additional development land. The Hobsonville Marine area is another large segment of the portfolio with a GV of \$11,550,000.
  17. Of the properties outlined above, the Keeling Road properties have been subdivided and are currently in the process of being sold by WPL and the New Lynn Hotel site and options around sale, retention or development are currently being investigated by Council officers and WPL and will be reported to Council as an independent report.

### DECISION MAKING

#### Issues

#### Definition of Non Strategic and Criteria for Disposal

18. It is anticipated that if any programme of land disposal is progressed then a set of criteria would need to be developed to determine what constituted non strategic land. A draft proposal for the establishment of these criteria will be presented in a report proposed to be presented to Council in June 2009.
19. Criteria for determination of non strategic land for land holdings that are not covered by the parks and open space criteria may be developed around the four well-beings. These criteria, once established by Council would then guide confirmation of land considered non strategic, and hence appropriate for disposal.
20. Criteria for divestment of parks and open space land has already been developed through the draft Parks and Open Space Strategy and is identified in the draft Plan which will be reported to Council in June 2009.
21. The draft Plan identifies that there are some parks that are unsuitable for open space purposes due to their size, location or layout. Often these open spaces are small (normal house lot size) and have very limited ability to provide services for the community. Divestment of parks in areas that are oversupplied, beyond provision set in the draft Parks and Open Space Strategy, are also considered.
22. These open spaces can be expensive to maintain, retain significant capital value, and have limited value to the open space network. These are considered for divestment provided that:

- The reserve does not meet any current or potential ecological or public access functions;
- There is no historical/cultural significance, including the way that the land was acquired;
- The land does not have a high level of attractive appearance or role within the urban form;
- All legal issues and requirements are fully scoped prior to progressing any divestment proposal (such as the Public Works Act 1981, Reserves Act, Local Government Act 2002 (LGA) and District Plan implications);
- Public consultation is carried out (Reserves Act and LGA requirements); and
- The proceeds of the sale (if funded from financial contributions) are directed towards open space development or acquisition within the local catchment, unless it is a Citywide park when its provision for local needs should be considered and replaced if appropriate.

### Financial Implications

23. There are different funding mechanisms in place for the acquisition of property. The funding method governs both how the proceeds from sale is used, and also how interest, if any, is funded. As a general rule the following occurs:
- a) **Strategic Land Acquisitions** are generally funded from borrowing and the proceeds of sale are used to repay the outstanding debt. Interest associated with such debt is funded from either cash flows generated from the property concerned or from the future proceeds from the sale of the land.
  - b) **Non Strategic Land Acquisitions (excluding parks)** are generally funded from borrowings and the interest cost is generally funded by either rates or external subsidies. The proceeds of sale of such properties is generally used to repay the outstanding borrowings.
  - c) **Parks** are generally funded by Financial Contributions and as a result normally do not attract interest. If they are funded from borrowings, generally the interest on those borrowings will be funded by rates. The proceeds from sale of such property would normally be applied to the acquisition of new park land or park development if funded through Financial Contributions. If the original purchase was funded from borrowings then there is opportunity for proceeds to be used for other purposes.
24. The Council has adopted a Liability Management and Investment Policy which covers the land identified in this report as Development Properties. The Policy contains the following statement with regards to the sale of properties:
- Any funds received from the sale of investment properties will be used to repay existing debt, unless the Council specifically directs that the funds be put to another use.
25. Therefore, the sale proceeds from properties (development properties and property land in particular) will generally be used to repay debt unless the Council decides to use the funds for other purposes. If the funds are used to repay debt, there is a subsequent saving to the interest expense. Other operational saving may also be realised from the sale of surplus land, such as depreciation on buildings or other maintenance costs such as lawn mowing and general upkeep costs. The operational savings will be dependent on the type of land being divested.

### Options Identified

26. There are a number of options available to Council with regards to land disposal. Each of the three different land holding types described in this report have their own processes and issues associated with disposal which would need to be investigated further prior to the implementation of a disposal programme. As such the options investigated in this report are focused on the high level principles associated with land disposal in general and whether or not any programme of land disposal should be investigated further.
27. The two options being put forward are: 1) to retain the status quo and not consult the community on any programme of land disposal or 2) to consult with the community through the draft LTCCP on a possible programme of land disposal.

### Assessment of Options

28. The following table outlines the advantages and disadvantages of the two options being investigated:

		Social	Economic	Environ-ment	Cultural
<b>Option 1 Status Quo - retain current land holdings</b>	<b>Disadvantages</b>	Does not allow any opportunity for community understanding or consideration of cost of land holdings within the City	Continued expenditure on land that is of little or no value to the community  No funding from land disposal would be made available to offset Council's debt		No opportunity for consultation on principle of possible disposal
	<b>Advantages</b>	Council retains its current range of land holdings and there is no change to elicit community dissatisfaction	Retention of land as asset base for Council	No environmental impact	
<b>Option 2 Consult with community through the LTCCP on proposed programme of strategic land disposal</b>	<b>Disadvantages</b>		Legal requirements of consultation will add operational costs to any disposal programme with no guarantee of successful disposal to offset these costs	No environmentally important land holdings would meet the criteria for disposal	No culturally important land holdings would meet the criteria for disposal

		Social	Economic	Environ-ment	Cultural
	<b>Advantages</b>	Allows community consideration of the issue around land holdings within the City and the cost implications	Funding might be made available to contribute to offsetting Councils debt		Consultation on principles of land disposal would occur

### Consideration of Community Views

29. There has been no consultation with the community or consideration of community views to date on the disposal of non strategic land within Waitakere City. It is proposed that this would be undertaken through the draft LTCCP 2009-2019 process.
30. Past experience has indicated that there is likely to be more interest from the community for Parks and Open Space land disposal proposals than for property land or development land.

### Preferred Option

31. Due to the varied nature of the land holdings and issues around disposal of land within Waitakere it is considered that the most appropriate option for Council would be option 2, to canvas community opinion on the principle of disposal of non strategic land, comment on which would then provide guidance for options on whether a disposal programme should be implemented and if so, subsequent investigation on which land holdings are considered most appropriate for disposal.

### STRATEGIC CONTEXT

32. Since adopting Agenda 21 principles in 1992, Waitakere has been working towards the goal of being the eco city, a place where growing the economy, building strong communities and looking after the environment go hand-in-hand.
33. There are three strategy documents that provide the main guidance for any programme of non strategic land disposal; these are the Environment Strategy, Social Strategy and Growth Management Strategy. Each of these strategies in different aspects covers the use, function and need for Council owned land within the three different land holding types identified in this report.
34. Council land holdings contribute to achieving many of the Waitakere Community Outcomes. For example development land in town centres contributes to Urban and Rural Villages, Strong Community, Working Together, Toiora and Strong Economy outcomes. Park land around water ways contributes to Waiora and Sustainable Environment outcomes. The process for the assessment will include considering the contribution the individual piece of land makes to achieve the Waitakere Community Outcomes and the identified priority areas.
35. The LGA sets out a framework for Councils' consultation and decision making processes. If a decision is 'significant' then the Council should follow a more rigorous consultation and decision making processes.

36. A significant decision is one that has a high degree of importance in terms of its impact upon:
- The wellbeing and sustainable development of Waitakere;
  - The persons likely to be affected by or with an interest in that decision; and
  - The ability of the Council to implement the decision without impacting on the Council's ability to achieve community outcomes or other outcomes identified in the Long Term Council Community Plan.
37. The Council is required by section 90 of the LGA to provide a list of its Strategic Assets (as defined in section 5 of the LGA).
38. The assets and groups of assets that Council considers to be strategic assets are:
- Older Adults housing assets;
  - The roading network;
  - The stormwater network;
  - The wastewater network;
  - The water supply network;
  - Parks and reserves assets, as a whole;
  - Community centres, halls and libraries, as a whole;
  - The land and buildings comprising the Waitakere City Council Civic Centre; and
  - The Council's shareholdings in Watercare Services Limited and Auckland Regional Transport Network Limited.
39. Once defined as strategic assets, any significant changes to the Council's ownership or control, or any decisions to construct, replace or abandon these assets listed must be expressly provided for in the Council's Long Term Council Community Plan (LTCCP). If the proposal is not provided for, a special consultative procedure will be undertaken in order to change the LTCCP.

## CONSULTATION

40. Consultation has been undertaken with Council officers responsible for the different land holdings. All have agreed to the content and recommendations put forward in this report.
41. No consultation has been undertaken at this stage with external agencies such as the Auckland Regional Council or Department of Conservation. It is proposed that such consultation would occur in the next phase of a disposal programme if it was to progress further.
42. No consultation has been undertaken with Maori, or Te Taumata Runanga / iwi at this stage and it is proposed that consultation would be undertaken with these groups through the LTCCP process and in any subsequent phases associated with implementation of a disposal programme if that proceeds.

## RESOURCES

43. Resources have already been provided in the Annual Plan 2008/2009 for preparation of and consultation associated with the LTCCP. The inclusion of the non strategic land disposal item for debate through that process will not require any additional resources other than staff time.
44. Cost likely to be associated with implementation of a land disposal programme will vary on a case by case basis. They may include the following range of costs:
  - Legal searches;
  - Revocation process and costs;
  - District Plan Change process and costs;
  - Valuations;
  - Public notification; and
  - Surveying.
45. It is estimated that most reserve divestments will cost between \$15-20,000 each plus staff resource to implement. Costs for property land and development land will be less due to the reduced level of consultation likely to be required to implement disposal.
46. Due to the above range of costs and the level of resource required to implement some aspects of a disposal programme (particularly for parks and open space) there are risks associated with the cost incurred for the project compared to the level of income generated from the disposal which would be used to offset those costs. It is proposed that further details on specific land holdings with high risks would be identified in a report to Council in June 2009.
47. Some of the land identified for possible disposal within the property land and development properties portfolios are currently receiving rental income. Any proposal for disposal will need to recognise this in the assessment of cost benefit for disposal.
48. It should be noted that there may be some risks associated with progressing a disposal programme within the current market. An assessment of the implication of the market situation and impacts on likely proceeds and the most appropriate methodology to reduce those risks will be reported back to Council in June 2009.
49. It is anticipated that any implementation of land disposal programme and associated operational costs would be deficit funded against the income from the land disposal. Further details associated with the funding of a disposal programme will be presented to Council in the June 2009 report.

## IMPLEMENTATION ISSUES

50. With any programme of land disposal there are set processes and procedures which must be followed. Timelines associated with land disposal will be affected by these processes and also market conditions. It is therefore recognised that any disposal programme will have variable timelines and need to be undertaken over a number of years.

51. A detailed project plan for the implementation of a disposal programme for each of the types of land holding would need to be developed as part of any confirmed disposal programme. If a disposal programme is approved then the detailed project plan will be reported to Council in June 2009.

**Report prepared by:** Renee Davies, Service Manager: Parks Planning, Fraser Henderson, Manager: Strategic Projects and Tina Hemsworth, Manager: Property Assets.



**15 RECOMMENDATION FROM HENDERSON COMMUNITY BOARD**

**TE ATATU ANTI-AIRCRAFT BATTERY UPDATE**

It is recommended that the Finance and Operational Performance Committee resolve to:

**Agree** that McCormicks Cottage be given priority for any future funding from the Harbourview/Orangihina Park Fund.



**PART F - REPORTS FROM THE SUBCOMMITTEES**

**16 TENDERS SUBCOMMITTEE**

**THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 13 FEBRUARY 2009**

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**MATTERS CONSIDERED**

*A132-A134* 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 are attached at pages A132 to A134.

**It is recommended that the Finance and Operational Performance Committee resolve to:**

**Receive** the meeting report of the Tenders Subcommittee held on Friday, 13 February 2009.

RI Clow  
**CHAIRMAN**

