

**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, 6 JULY 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, 8 June 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, 8 June 2009, as circulated, and that they be taken as read and now be confirmed.



PART B - LEGAL AND CONSTITUTIONAL

5 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 30 June 2009

Nº	NAME	PARTICULARS
4773	WCC - Barber Properties Limited	Authority and Instruction for electronic transaction - Drainage easement in gross - Certificates of Title 325681 and 325683 - 107, 107A and 109 Cliff View Drive, Green Bay - RMA20051000
4774	WCC - Ministry for the Environment	Deed under the Recycling in Public Places Initiative - Funding to install and maintain recycling bins
4775	WCC - J & C Arcadia Trustees Limited	Authority and Instruction for electronic transaction - Drainage easement in gross - Certificates of Title 449233, 449235 and 449236 - 55 Simpson Road, Ranui - RMA2007771
4776	WCC - Jireh International New Zealand Limited and PR Ewing	Deed of Settlement and Change of Guarantors (Waitakere Central Library) 4 copies
4777	WCC - The Massey Athletic Club Incorporated	Deed of Lease (in duplicate) - 41 Granville Drive, Moire Park, Massey - resolution 216/2008
4778	WCC - Telecom Mobile Limited	Telecommunication Licence - Lawson Park - resolution 1731/2008
4779	WCC - Telecom Mobile Limited	Telecommunication Licence - Archibald Park - resolution 1731/2008
4780	WCC - Telecom Mobile Limited	Telecommunication Licence - Mason Park - resolution 1731/2008
4781	WCC - Gallax Holdings Limited	Deed of Rent Review - Vehicle Testing Station (in duplicate)
4782	WCC - P and A Baron	Authority and Instruction form to register caveat - 121 and 125 Clark Road - Council resolution 395/2009
4783	WCC - PG and JJ Housby	Conservation Covenant - 88 Glendale Road - Council resolution 2090/2003
4784	WCC - Resene Paints Limited	Authority and Instruction for registration of encumbrance - Council resolution 1402/2008
4785	WCC - IP and SW Harper	Authority and Instruction for an electronic transaction - Certificates of Title 455132 to 455134 - 58 Red Hills Road, Massey - SUB 20051173

Nº	NAME	PARTICULARS
4786	WCC - D Greenfield, Rustic Homes Limited, WK Jones	Discharge of Compensation Certificate - Identifier NA84B/555
4787	WCC - Paid Naidu	Warrant of Appointment and Evidence of Identity - No.WCC361 (replacement - lost)
4788	WCC - Kevin Wilkie	Warrant of Appointment and Evidence of Identity - No.WCC442
4789	WCC - Joanna Nash	Warrant of Appointment and Evidence of Identity - No.WCC445
4790	WCC - Jason (Chin Eng) Lim	Warrant of Appointment and Evidence of Identity - No.WCC443
4791	WCC - RK & RS Developments New Zealand Limited	Authority and Instruction for an electronic transaction - Easements - Certificates of Title 443694 to 443699 and 443684 to 443685 - 254 Great North Road, Henderson - RMA20071376
4792	WCC - RK & RS Developments New Zealand Limited	Fencing Agreement - Certificates of Title 443683 to 443686 and 443691 to 443699 - 254 Great North Road, Henderson - RMA20071376
4793	WCC - Edmonton Community Kindergarten Incorporated	Deed of Lease (in duplicate) - Te Atatu South Community Centre
4794	WCC - D McDermott & K Johnson, B Chapman, RT & M Lewell, K & L Jarvis	Authority and Instruction for an electronic transaction - Surrender of Easements - 13A, 13B, 13C and 15A Inver Street - resolution 1348/2005
4795	WCC - P & A Baron	Authority and Instruction for an electronic transaction to withdraw Caveat and register Transfer - 121 and 125 Clark Road - Council resolution 395/2009
4796	WCC - Housing New Zealand Limited	Authority and Instruction for an electronic transaction - Drainage easement in gross - Certificates of Title 468377 and 468378 - 16A and 16B Gill Avenue, Te Atatu - RMA2009-20

Report prepared by: Denis Sheard, Legal Services Manager.



PART C - FINANCE

6 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 May 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.
- AI-A8 3. This report covers expenditure for the eleven months to 31 May 2009. The financial summary and notes are attached at pages A1 to A8.

DECISION MAKING

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

Issues

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.
6. When the Council's budgets are prepared, the budgets are a "balanced budget" with any funding required in an activity being either rates or loan funded. The water supply activity is fully funded.
7. The reports do not show any funding allocation as they report on the income and expenditure for that activity.

STRATEGIC CONTEXT

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

CONSULTATION

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

RESOURCES

10. This report has no resource implications.

IMPLEMENTATION ISSUES

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

Report prepared by: Ian Irving, Manager: Financial Planning and Reporting



7 STATUS OF SPECIAL FUNDS

EXECUTIVE SUMMARY

- A9 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 May 2009, as attached at page A9.

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 applicable funds at official market rate as dictated for each month.
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.
- A10-A11 3. Description of the nature of each special fund item is attached at pages A10 to A11.

DECISION MAKING

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

STRATEGIC CONTEXT

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

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: Ian Irving, Manager: Financial Planning and Reporting.



8 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.

A12-A17

2. The relevant portfolio and graphs reflect the estimated position as at 30 April 2009 and are attached at pages A12 to A17.

DECISION MAKING

3. The 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 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 (Positive Outlook).
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 2007/08 actual and the 2008/09 budgeted levels.

Financial Ratio	Actual 2007/08	Budget 2008/09
Net Debt as a percentage of income	144.48%	194%
Net interest as a percentage of income	9.4%	11%
Net Interest as a percentage of rates	17.7%	18%

Interest Rates

9. The Reserve Bank of New Zealand decided to leave its Official Cash Rate unchanged at 2.50% at the 11 June 2009 review. The bank conceded in its statement that the economic outlook remained weak, but signs of economic stabilisation were being seen both locally and internationally. In an effort not to promote higher market interest rates and a stronger New Zealand Dollar, the bank also made it clear they did not expect to start increasing the Official Cash Rate before the later part of 2010. 90 Day bank bills have stabilised around 2.80%, but volatility in longer term rates has occurred with 10 year wholesale swap rates reaching almost 6.20% before decreasing to the current 6.05%.
10. The New Zealand dollar has also stabilised over the last month, with the Trade Weighted Index recorded at 60.7 for three consecutive Fridays, as recorded in the Reserve Banks statistics. This is even after the release on 26 June 2009 of New Zealand Gross Domestic Product data which showed a fifth quarter of local negative growth or recession. Some forecasts suggest a further three quarters of negative growth. The weak number had been largely expected as consumers have largely stopped spending. The manufacturing sector reported the largest and most surprising decline in growth, with a reported negative 7.2% in the first quarter of 2009, and a total decline over the past year of 13%, returning production back to levels last seen in 2001. Wholesale trade, retail trade, electricity/gas/water and transport/communication sectors also showed negative growth for the first quarter.

STRATEGIC CONTEXT

11. 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

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

CONSULTATION

13. 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

14. 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

There are no implementation issues identified for this report.

AUCKLAND COUNCIL TRANSITION ISSUES

15. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

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



PART D - GENERAL

9 WAITAKERE ENTERPRISE CONTRACT DOCUMENTS 2009/2010

GLOSSARY

Statement of Intent	(SOI)
Long Term Council Community Plan	(LTCCP)
Council-Controlled Organisation	(CCO)
Waitakere Enterprise	(WE)

EXECUTIVE SUMMARY

The operational governance of Waitakere Enterprise (WE) is managed through three documents:

- A Statement of Intent (SOI);
- A Funding and Service Agreement, and
- An Annual Activity Plan.

The SOI and Funding and Service Agreement are presented with this report for approval by the Committee for the 2009/2010 financial year, and comments are invited on the Annual Activity Plan.

RECOMMENDATIONS

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

1. **Receive** the Waitakere Enterprise Contract Documents 2009/2010 report.
2. **Approve** the Waitakere Enterprise Statement of Intent 2009/2010.
3. **Approve** the Waitakere Enterprise Funding and Service Agreement 2009/2010.
4. **Agree** that the Director: Strategic Planning finalise Council's feedback on the Waitakere Enterprise Activity Plan 2009/2010, and the submission be approved by the Chairman and Deputy Chairman of the Finance and Operational Performance Committee.

5. **Agree** that as the decisions relate to Section 31(n) of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, the Chief Executive is required to seek confirmation from the Auckland Transition Agency before implementation.

BACKGROUND

1. WE is a council-controlled organisation (CCO) as defined by section 6 of the Local Government Act 2002 and is wholly owned by Waitakere City Council.
2. As a CCO, WE is required to prepare and deliver to its shareholders a completed SOI on or before 30 June each year. The content of the SOI is specified in Schedule 8 of the Local Government Act 2002. According to Schedule 8, the following procedure is to be followed:
 - a. The board of a CCO must deliver to its shareholders a draft SOI on or before 1 March each year;
 - b. The shareholders have two months from 1 March to make comments on the draft SOI (i.e. till 30 April); and
 - c. The board must consider any comments on the draft SOI that are made to it by the shareholders and deliver the completed statement of intent to the shareholders on or before 30 June each year.

A18-A44

3. A draft SOI was received from WE in February 2009, and was reviewed and commented on by this Committee at its April 2009 meeting. These comments were incorporated into a final SOI that was delivered by WE to the Council on 24 June 2009. A letter from the Chairman of WE to this effect is attached at pages A18 to A19. The final SOI is attached at pages A20 to A44.

A45-A56

4. WE has been operating since 2003/2004 under a three year Funding and Service Agreement with the Council. The current agreement expires on June 30th 2009. Due to the impending transition to the Auckland Council, it is considered appropriate for the Council to enter into only a one year Funding and Service Agreement with WE. This proposed 2009/2010 Funding and Service Agreement is attached at pages A45 to A56.

A57-A71

5. Under the terms of the Funding and Service Agreement, an Annual Activity Plan should be submitted to the relevant Council Committee no later than 31 July for comment with a final Activity Plan submitted for adoption to the appropriate Council Committee by 31 August. A draft 2009/2010 Activity Plan is attached at pages A57 to A71 for the Committee's comments.

DECISION MAKING

Issues

Statement of Intent

6. Substantial changes were made to the WE SOI in 2008, and the 2009/2010 SOI will again incorporate these amendments. Changes in the operating environment for WE have also driven a number of changes in the programmes to be delivered, as specified in Schedule One to the SOI. In particular the priorities of the new government and its agencies, and the overall expenditure assessments of the Council, mean that a number of initiatives have been discontinued, or adapted. Also, new initiatives have been added that address Council's concerns over the impact of the recession on local businesses and residents, as well as tourism, sustainability, and Rugby World Cup initiatives.

7. A number of amendments to the draft SOI presented in April have been made as a result of the Committee's comments. These are:
- The strategic context section of the SOI has been modified to incorporate the Economic Wellbeing Strategy adopted by the Policy and Strategy Committee on 4 June 2009; and
 - The performance measures have been aligned with the strategic direction of the Council and have been weighted towards these key strategies.

- A18-A19 8. Other matters raised by the Committee were considered by the WE Board and have been referred to in the Chairman's letter attached at pages A18 to A19:
- Waitakere Investment Fund - it remains the Board's intent to establish this fund, but without any recourse to funding from the Council; and
 - Tourism Initiatives - these were considered by the Long Term Council Community Plan (LTCCP) Committee and a decision was made to implement these directly by the Council.

Funding and Service Agreement

- A45-A56 9. Since 2003/2004 WE has been operating under a three year Funding and Service Agreement with the Council. The current agreement expires on 30 June 2009. Due to the impending transition to the Auckland Council, it is considered appropriate for the Council to enter into only a one year Funding and Service Agreement with WE. This proposed 2009/2010 Funding and Service Agreement is attached at pages A45 to A56. Its main features are:
- The agreement commences on 1 July 2009 and expires on 30 June 2010;
 - Council will pay \$1,118,000 to Waitakere Enterprise plus GST in consideration of Waitakere Enterprise undertaking the activities described in the Annual Activity Plan; and
 - Any proposed activity additional to that defined in the Annual Activity Plan, or reprioritisation of activities, must be agreed between the Trust and the Council.

Activity Plan

- A57-A71 10. Under the terms of the Funding and Service Agreement, an Annual Activity Plan should be submitted to the relevant Council Committee no later than 31 July for comment, with a final Activity Plan submitted for adoption to the appropriate Council Committee by 31 August. The Activity Plan sets out the specific activities that are funded by Council, and is accordance with the final SOI received by the Council. The table below shows a summary of the application of Council's funding to activities. The full Activity Plan with performance measures is attached at pages A57 to A71.

Activity	Programme	Council Funding	Other Funding	Total Funding
GOVERNANCE	Board Administration	70,800		70,800
	Administration and Overheads	596,200	108,252	704,452
	Communications	120,000		120,000

NEW BUSINESS START-UPS			93,500	93,500
BUSINESS INFORMATION, TRAINING AND MENTORING	BizInfo		25,200	25,200
	Enterprise Training Programme		71,245	71,245
	Business Seminars	10,000		10,000
	Business Mentors		7,200	7,200
	Rugby World Cup	20,000		20,000
	Escalator Programme		1,800	1,800
BUSINESS STRATEGY AND COACHING		55,000	30,000	85,000
SUSTAINABLE BUSINESS PRACTICE		10,000		10,000
BUSINESS ATTRACTION, EXPANSION AND RETENTION	Business Attraction Service	60,000		60,000
	Key Client Management Service	30,000		30,000
	Venture Capital Service	0	TBA	TBA
BUSINESS NETWORKING AND AWARDS	Business Awards	44,000	191,000	235,000
	Business networks	20,000	58,000	78,000
KEY INDUSTRY SUPPORT	Marine	35,000		35,000
	Tourism	10,000		10,000
	Film		9,600	9,600
FOUNDATION SKILLS	Youth, ESOL, Adult, Workplace Literacy		988,923	988,923
POST SCHOOL TRANSITION			53,000	53,000
EDUCATIONAL ACHIEVEMENT AND ALIGNMENT		37,000		37,000
TOTAL		1,118,000	1,637,720	2,755,720

11. The funding proposed in the Annual Activity Plan represents that same amount as received by WE in 2008/2009. A feature of the Activity Plan is that for every dollar invested by Council in WE's activities, a further \$1.46 is obtained from other funding sources.

STRATEGIC CONTEXT

12. At its meeting held on 4 June 2009, the Policy and Strategy Committee resolved:

"The Policy and Strategy Committee resolved to:

Approve the adoption of the Waitakere Economic Wellbeing Strategy 2009, subject to any final changes directed by the Policy and Strategy Committee."

877/2009

13. Consequently the SOI has been amended to include the strategic context contained within the Waitakere Economic Wellbeing Strategy 2009.

CONSULTATION

14. The Chief Executive of WE has been consulted throughout the process of developing the SOI, Funding and Service Agreement and Annual Activity Plan. The Council's comments were reported to the Board of WE at its April meeting for its consideration before it delivered a final SOI in June 2009.

RESOURCES

15. There are no resource implications other than staff time.

IMPLEMENTATION ISSUES

16. The governance review of Council CCO's has established the Waitakere City Holdings Limited Board, who will manage the relationship and performance of CCO's such as WE and WPL. The relationship between the Council and WCHL Board will be managed by the Director: Corporate and Business Services.
17. The performance of Waitakere Enterprise in achieving the performance measures identified in the Activity Plan will therefore be reported quarterly to this Committee as part of regular financial and operational reporting and commentary by Waitakere City Holdings Limited.

AUCKLAND COUNCIL TRANSITION ISSUES

18. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of a decision to agree to, or modify, the statement of intent of a council-controlled organisation according to Section 31 (4) (n) of the Act. Accordingly, the decision to approve this SOI will need to be confirmed in writing by the Auckland Transition Agency before the decision is implemented.

Report prepared by: Steve Wilcox, Manager: Economic Development Strategy.



10 **WATERCARE SERVICES LIMITED FINAL STATEMENT OF CORPORATE INTENT 2009**

GLOSSARY

Watercare Services Limited	(Watercare)
Watercare Shareholders' Representative Group	(SRG)
Officers Working Group	(OWG)
Local Network Operators	(LNOs)
Statement of Corporate Intent	(SCI)

EXECUTIVE SUMMARY

The purpose of this report is to present the final Watercare Services Limited (Watercare) Statement of Corporate Intent (SCI) 2009 to the Finance and Operational Performance Committee.

RECOMMENDATION

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

Receive the Watercare Services Limited Final Statement Of Corporate Intent 2009 report.

BACKGROUND

1. Watercare is the bulk water and wastewater service provider for much of the Auckland Region. Its main responsibilities are the collection, treatment and supply of drinking water, and the collection, treatment and disposal of bulk wastewater. Watercare is classified as a "Council Organisation" under section 6 of the Local Government Act 2002, and is governed by specific legislative provisions set out in both the Local Government Acts 1974 and 2002.
2. Watercare's primary customers are six water and wastewater retailers, five of which (including EcoWater) are owned by or are part of the local councils. United Water, which services the Papakura District, is a franchised operation.
3. The six local Councils are Watercare's shareholders. The Councils have appointed a Watercare Shareholders' Representative Group (SRG) which appoints the Board of Watercare, provides input to Watercare's SCI, and monitors the performance of the Board against the SCI. Watercare negotiates the SCI with the SRG each year. The SCI is effectively the Board's charter for running Watercare on the shareholders' behalf. It lays out the activities to be undertaken by Watercare and sets specific environmental, social and economic objectives for Watercare for a three year period. It also sets performance targets that will be used to measure Watercare's performance.
4. Council has two representatives on the SRG, Councillors Clews and Clow. An Officers Working Group (OWG) with representatives from the shareholder councils supports the SRG. The Local Network Operators group (LNOs), comprising the six retailers often provide advice to the OWG on matters of common interest.

5. A workshop was held at Council on 28 October 2008 to identify changes to Watercare's 2009 SCI. The changes identified by Council were communicated to Watercare (via the SRG) for consideration by Watercare when developing its draft SCI. The draft Watercare SCI presented to the Finance and Operational Performance Committee for approval on 6 April 2009 addressed the changes requested by Council. The Finance and Operational Performance Committee passed a resolution at its meeting held on Monday, 6 April 2009 approving Watercare's draft SCI. The Finance and Operational Performance Committee resolved as follows:

"The Finance and Operational Performance Committee resolved to:

1. **Receive** the Watercare Services Limited Draft Statement of Corporate Intent 2009 And Funding Plan February 2009 report.
2. **Approve** the Watercare Services Limited Draft Statement of Corporate Intent 2009."

478/2009

6. The Watercare Final SCI was approved by the SRG on 17 June 2009 in accordance with its powers contained in the shareholders agreement. The approval of the Watercare Final SCI by the SRG enables shareholders to meet the statutory timeline, as the final SCI did not vary significantly from the draft approved by the shareholders in April 2009.

7. The SRG passed a resolution that it will be seeking approval of the final Watercare SCI 2009 by the Auckland Transition Agency, in line with the requirements of the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

A72-A91

8. The Watercare Final SCI 2009 is attached at pages A72 to A91.
9. Watercare has addressed the issues identified by Council in its final SCI. The Finance and Operational Performance Committee approved the draft Watercare SCI 2009 at its meeting on 6 April 2009. The SRG has approved the Watercare Final SCI.

DECISION MAKING

Issues

10. There is no decision making required for this report. A copy of the Watercare Final SCI is presented to the Finance and Operational Performance Committee for information only.

STRATEGIC CONTEXT

11. The Council's strategic goal of sustainable management of the Three Waters (water supply, wastewater and stormwater) is integral to its relationship with Watercare, and to its role on the SRG.
12. The Council has two major roles in connection with Watercare, one as shareholder/owner and the other as customer. The extent to which this Council can add strategic input to the governance of Watercare through its ownership and governance role heavily influences the extent to which it can supply retail services to the City's citizens that meet the Council's own strategic goals, and at the most efficient price possible.

CONSULTATION

13. There is no consultation required.

RESOURCES

14. There are no resources required other than officer's time to facilitate the approval process.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

16. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 section 31(4)(n) imposes restrictions on Waitakere City Council's decision making capabilities in respect of agreeing to the statement of intent of a council controlled organisation.
17. The SRG has approved the Watercare Final SCI in accordance with its powers in the shareholders agreement and has passed a resolution that the OWG of the SRG is authorised to provide all information necessary to the Auckland Transition Agency as it needs to confirm the SRG's decision to approve Watercare's Final SCI.

Report prepared by: Kingsha Changwai, Manager Assurance Services.



11 RENEWAL OF SUB-LEASE FOR VEHICLE TESTING NEW ZEALAND (TRAINING FACILITY) AT THE WAITAKERE VEHICLE TESTING STATION, 19 WAIPAREIRA AVENUE, HENDERSON

GLOSSARY

Vehicle Testing New Zealand Limited	(VTNZ)
Gallax Holdings Limited	(GHL)
Waitakere Vehicle Testing Station	(WVTS)

EXECUTIVE SUMMARY

The purpose of this report is to seek the approval of the Finance and Operational Performance Committee to renew the sub-lease of the Vehicle Testing New Zealand Limited (VTNZ) Training Facility space at the Waitakere Vehicle Testing Station (WVTS) at 19 Waipareira Avenue, Henderson for a further term of three years, one month less one day, starting 1 June 2008. This term has been requested so the lease will expire before the Head Lease that the Council currently has with Gallax Holdings Limited (GHL).

RECOMMENDATIONS

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

1. **Receive** the Renewal Of The Sub-lease For Vehicle Testing New Zealand (Training Facility) At The Waitakere Vehicle Testing Station, 19 Waipareira Avenue, Henderson report.
2. **Approve** on behalf of the Council, the extension of the existing sub-lease of the Training Facility space at the Waitakere Vehicle Testing Station, 19 Waipareira Avenue, Henderson from 1 June 2008 to 29 June 2011, and to affix Council's Common Seal.

BACKGROUND

1. The existing head lease between GHL and the Council was signed 1 July 2001 for an initial term of 10 years, with three further rights of renewal terms of three years each. VTNZ has requested a term in line with the current head lease, and is therefore seeking a three year, one month less one day term.
2. Due to the downturn in business the southern bay and offices of WVTS became surplus to requirements. Rather than having the space sitting empty, the Council entered into a sub-lease of the premises with VTNZ starting 1 June 2004, for the purpose of training staff elsewhere employed at establishments authorised to issue certificates of fitness under the Land Transport Act 1998. The current sub-lease expired 30 June 2008 and VTNZ has continued to occupy on a month by month basis under the same terms and conditions.

DECISION MAKING

A92

3. The area to be sub-leased is situated within the area already leased by the Council from GHL known as the WVTS, located at 19 Waipareira Avenue, Henderson. The specific area to be leased is highlighted in yellow on the attached plan at page A92.
4. Prior to the current arrangement the area had been sub-leased to VTNZ since 1 June 2004 for a total term of two years, at a rate of \$28,000 pa + GST; this lease expired 31 May 2006.
5. A new sub-lease was negotiated 1 June 2006 for a new term of two years, with no further rights of renewal, at a rate of \$33,500 pa + GST, plus 33.3% of all outgoings.
6. The Council would like to negotiate a new sub-lease for a term of three years, one month less one day at a rate of \$38,617 pa + GST, plus 33.3% of all outgoings. This rental is equivalent to the rental currently being paid by the Council to GHL.

Options Identified

7. In terms of the request, the following options are considered in this report:
 - a) Renew the sub-lease;
 - b) Not renew the lease; or
 - c) Continue to allow VTNZ to occupy the space as a monthly tenant under the same terms and conditions as the expired lease.

Assessment of Options

8. Option a) - renew the sub-lease – this option gives the Council a secure guaranteed income over an otherwise empty space for the remainder of our existing lease term. It also gives the Council the ability to increase the current rental rate.
9. Option b) - not renew the sub-lease – this option would mean that VTNZ would be required to vacate the space. The space is specifically designed as a vehicle testing bay, and as previously stated the space is surplus to the Council's own testing station requirements so would effectively create an empty unusable space.
10. Option c) - continue to allow VTNZ to occupy the space as a monthly tenant – this option would not provide either the Council or VTNZ any secure tenure over the space. VTNZ would also continue to pay rental at the existing rate, which is \$5,117 less than the proposed rental under option a.

Preferred Option

11. The preferred option is option a) renew the sub-lease. This gives the Council a guaranteed income in an otherwise vacant space, while also off-setting the costs to lease the premises from GHL.

STRATEGIC CONTEXT

12. The WTVS contributes to the sustainable energy and clean air platform and the strategic priority of a safe city. The vision is for development in Waitakere to demonstrate ongoing progress towards a sustainable society while being a safe place to be.

CONSULTATION

13. Consultation within City Services has confirmed that the request to sub-lease is acceptable. Consultation with Legal Services has confirmed that the proposed sub-lease is in order from a legal standpoint.

RESOURCES

14. No resources are required other than staff time.

IMPLEMENTATION ISSUES

15. VTNZ has continued to occupy the building upon the expiry of the Deed of Sub-lease therefore there are no implementation issues.

AUCKLAND COUNCIL TRANSITION ISSUES

16. The decision making proposed in this report is not constrained by Section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Melonie Lister, Senior Property Manager: Tenancy.



12 **ROAD STOPPING AND EXCHANGE OF LAND AND DECLARING LAND TO BE HELD FOR THE USE AND CONVENIENCE OF A ROAD AT MANUI PLACE AND SEYMOUR ROAD, SUNNYVALE**

EXECUTIVE SUMMARY

The purpose of this report is to seek the Finance and Operational Performance Committee's approval to stop part of the road reserve in Seymour Road, Sunnyvale and transfer part of it to the adjoining owner at 1 Manui Place, Sunnyvale, in exchange for part of the owner's property to be taken for stormwater management purposes and used in the Twin Streams Project, plus the sum of \$10,000.

A93 Approval is also sought to have the balance of the stopped road declared land held for the use and convenience of a road so as to prevent road access to Seymour Road from 1 Manui Place. The location of the land in question is shown on the diagram attached at page A93.

RECOMMENDATIONS

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

1. **Receive** the Road Stopping And Exchange Of Land And Declaring Land To Be Held For The Use And Convenience Of A Road At Manui Place And Seymour Roads, Sunnyvale report.
- A94 2. **Invite** the approval of the Minister of Lands to stop those parts of Seymour Road marked Sections 2 and 3 on the plan attached at page A94 pursuant to Section 116 of the Public Works Act 1981.
3. **Note** that subject to the completion of the road stopping:
 - (a) Transfer Section 2 of the diagram attached at "B" to the owners of the adjacent property at 1 Manui Place, Sunnyvale subject to the requirement that the land be amalgamated with the owner's adjoining land in Computer Interest Register NA1614/50 pursuant to Section 345(2) of the Local Government Act 1974.
 - (b) Except in exchange a transfer of the land shown as Section 1 on the diagram attached at "B" for the purposes of stormwater management plus the sum of \$10,000.
 - (c) Declare Section 3 on the plan attached at "B" as land held for the use and convenience of a road.
4. **Agree** that the resolution in 3(a) and 3(b) above is subject to final confirmation by the Auckland Transition Agency.
5. **Agree** to delegate to the Chief Executive Officer authority to do everything necessary to give effect to these resolutions.

BACKGROUND

1. Part of Council's Twin Streams project involves beautifying the sides of the streams by removing weeds and other unsightly growth and replacing this with native planting. Part of the northern bank of the Waikumete stream is owned by the occupants of the house property at 1 Manui Place and accordingly, Council approached these owners with a request that they sign a conservation covenant under Section 77 of the Reserves Act 1977.

2. During the course of these negotiations it became apparent that the owners' property encroached onto part of the road reserve at Seymour Road and the owners suggested that this land be exchanged for their land on the stream bank.
3. A registered valuer's report commissioned by Council indicates that the owners should pay to Council the sum of \$10,000 by way of equality of exchange and the owners have agreed to this.
4. Since the road proposed to be stopped was dedicated as road in 1956, traffic volumes have increased considerably and Council's Transport Assets Section advise that to permit vehicular access from the owner's land onto Seymour Road would be unwise. It is therefore proposed that Section 3 on the plan annexed at "B" be declared land for the use and convenience of a road and therefore become a segregation strip. The owners will continue to have their road access onto Manui Place.

DECISION MAKING

Issues

5. Council must now decide whether or not to enter into an agreement with the owners to carry out the proposed exchange.

Assessment of Options

6. Council could decline the owner's offer although this would run the risk of the owners refusing to sell or grant a conservation covenant over their land.
7. Council could take steps to acquire the owner's land compulsorily under the Public Works Act 1981 although this course of action would be time consuming and expensive and may generate ill feeling between Council and the owners.

Consideration of Community Views

8. The only parties who could be affected by the proposed exchange are the owners of 1 Manui Place, Sunnyvale who are the parties who have proposed the exchange. The loss of road reserve will not affect the general public as the adjacent carriageway is quite adequate for existing traffic volumes and should the exchange take place, there will still remain a road reserve approximately 6 metres in width.

Preferred Option

9. The preferred option is for Council to accept the owner's offer of exchange. It will allow Council to carry out the proposed planting program and also institute flood protection measures. Council will be relieved of the possibility of any future maintenance cost on the stopped road and will acquire land needed for the Twin Streams Project plus the sum of \$10,000 for land for which it has no use.

STRATEGIC CONTEXT

10. The strategic platform and community outcomes that this project supports include those of the green network. The project will provide opportunities for learning about and interacting with the natural environment and continue Project Twin Streams and expand the green network initiatives across the city. It supports the vision of streams and forests full of life and a Green Network linking the Ranges and sea, connecting everyday lives of the people of Waitakere with the natural world.

CONSULTATION

11. Consultation has been carried out with Council's Transport Assets and EcoWater Sections but for the reason set out under "Consideration of Community Views", further consultation is considered unnecessary.

RESOURCES

12. Council proposes to pay the survey costs whilst Gazette Notice and title costs will be shared between the parties.
13. With respect to the costs payable by Council, a claim will be made to Auckland Regional Holdings who fund the Twin Streams Project.

IMPLEMENTATION ISSUES

14. Should Council pass the resolution sought and the Minister of Lands approve Council's application then it is proposed to implement the necessary action by publishing in the New Zealand Gazette and registering with Land Information New Zealand a single Gazette Notice as provided in Sections 20, 116, 117 and 120 of the Public Works Act 1981.

AUCKLAND COUNCIL TRANSITIONAL ISSUES

15. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of the purchase or disposition of assets other than in accordance with its long-term council community plan. The relevant provision is contained in Section 31(4)(f). The resolutions sought in this report under paragraphs 3(a) and 3(b) are clearly covered by this provision. Confirmation of the decisions from the Auckland Transition Agency is required.

Report prepared by: Maurice Hieatt, Solicitor.



13 AUCKLAND REGIONAL TRANSPORT NETWORK LIMITED UPDATE

GLOSSARY

Auckland Regional Transport Network Limited	(ARTNL)
Auckland Regional Transport Authority	(ARTA)
Draft Statement of Intent 2009-2012	(Draft SOI)

EXECUTIVE SUMMARY

The purpose of this report is to approve the 2007/08 Annual Report of Auckland Regional Transport Network Limited (ARTNL) and the draft Auckland Regional Transport Network Limited Group Statement of Intent for the three year period 1 July 2009 to 30 June 2012 (Draft SOI).

ARTNL performed satisfactorily over the year ending 30 June 2008 and achieved, before interest, tax, depreciation and amortisation, an earnings surplus of \$76,000.

The Draft SOI focuses on management of the Britomart Transport Centre until it is transferred to the new Auckland Council or its subsidiary and the ARTNL Group is subsequently wound up by way of voluntary liquidation.

In order to minimise costs, it is proposed to waive meetings of the Shareholders Representative Group and approve resolutions of shareholders by way of written resolution.

RECOMMENDATIONS

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

1. **Receive** the Auckland Regional Transport Network Limited Update report.
2. **Agree** that the 2007/08 Annual Report of Auckland Regional Transport Network Limited be adopted, noting that Auckland Regional Transport Network Limited made an earnings (before interest, tax, depreciation and amortisation) surplus of \$76,000.
3. **Approve** Waitakere City Council to vote as a shareholder in favour of the following resolutions for Auckland Regional Transport Network Limited's 2008 annual shareholders meeting, to be held by way of written resolution in lieu of a physical meeting:
 - i) that the company's and the group's consolidated financial statements for the year ended 30 June 2008 together with the auditor's report and directors' report be received, considered and adopted; and
 - ii) that the Controller and Auditor-General be appointed as auditor of the company and the consolidated group until the conclusion of the next annual meeting and that the directors be authorised to fix the auditor's fees.
4. **Approve** that the Chief Executive Officer be delegated authority to vote on behalf of Waitakere City Council and sign documents required to give effect to the resolutions of Auckland Regional Transport Network Limited's 2008 annual shareholders meeting.
5. **Agree** to waive the requirement that the Shareholders Representative Group of Auckland Regional Transport Network Limited meet to recommend that the shareholders approve Auckland Regional Transport Network Limited's Statement of Intent for the three year period 1 July 2009 to 30 June 2012.
6. **Approve** the Auckland Regional Transport Network Limited's Statement of Intent for the three year period 1 July 2009 to 30 June 2012 in accordance with clause 7.2 of the Shareholders' Agreement and article 2.4.1(a) of Auckland Regional Transport Network Limited's constitution.
7. **Approve** that the Chief Executive Officer be delegated authority to sign the relevant shareholders' resolution approving Auckland Regional Transport Network Limited's Statement of Intent for the three year period 1 July 2009 to 30 June 2012 on behalf of Waitakere City Council and to seek verification of the Auckland Transition Agency if necessary regarding the approval of that Statement of Intent.
8. **Note** that due to the proposed establishment of the Auckland Council it is not appropriate to request Auckland Regional Transport Network Limited to buy back its shares from shareholders.

BACKGROUND

1. Waitakere City Council owns 14.18 per cent of the shares in ARTNL. The other shareholders are Manukau City Council and Auckland City Council.
2. ARTNL's ferry and metro train station assets transferred to the Auckland Regional Transport Authority (ARTA) on 1 October 2007. Negotiations regarding Britomart were put on hold in 2008, until the outcome of the Royal Commission process was known. It was intended to transfer the Britomart assets to ARTA and subsequently wind up the ARTNL group of companies in a voluntary liquidation.
3. As part of the government's plan for restructuring Auckland's governance, ownership of the Britomart transport centre will transfer to the new Auckland Council or one of its subsidiaries. It is likely that ARTNL will be wound up by way of voluntary liquidation once the new ownership arrangements are in place.
4. In the meantime, ARTNL remains a council controlled organisation, and must comply with Companies Act 1993 and Local Government Act 2002 requirements, such as holding annual meetings, providing annual reports to its shareholders and submitting a Draft SOI for approval.
- A95-A141 5. ARTNL has provided its 2008 annual report (attached at pages A95 to A131) and its Draft SOI (attached at pages A132 to A141) to its shareholders for consideration.
6. ARTNL's focus in the previous year and the following years will be on ensuring continuity of operations at Britomart and cooperating with the transition of the station to its new owners.
7. ARTNL proposed to hold its 2008 annual meeting by way of written resolution in lieu of a physical meeting.
8. ARTNL is required annually to produce a statement of intent setting out its objectives for the following three years. Under the shareholders' agreement, the ARTNL Shareholders Representative Group must consider each statement of intent and report to the shareholding councils' with its decision whether it is to be approved or not approved. The shareholding councils' must then pass or sign a resolution approving the statement of intent. The councils' last year agreed to waive the requirement for the Shareholders Representative Group process. Instead, the councils' simply approved the statement of intent by written resolution.

DECISION MAKING

9. This report is seeking decisions on the following matters:
 - (a) Approving shareholders resolutions by a written resolution rather than holding meetings of the Shareholders Representative Group and shareholders;
 - (b) Adopting the 2008 annual report and approving the appointment of an auditor and setting of the auditor's fees;
 - (c) Adopting the Draft SOI; and
 - (d) Approving the Chief Executive Officer to sign resolutions to give effect to the above.

Issues

Annual Meeting of Shareholders

10. ARTNL has provided its 2008 annual report to its shareholders. ARTNL proposed to hold its 2008 annual meeting by way of written resolution in lieu of a physical meeting. The simple administrative nature of the business to be placed before the annual meeting means it is more efficient to pass written resolutions instead of holding a physical meeting. This practice is also followed for Metro Water Limited and Watercare Services Limited.
- A142 11. ARTNL's shareholders must consider the annual report and vote on the annual meeting resolutions (attached at page A142):
- (a) To receive, consider and adopt the Company's and the Group's consolidated financial statements for the year ended 30 June 2008; and
 - (b) To re-appoint the Controller and Auditor General as auditor of the ARTNL group and to authorise the directors to fix the auditors fees.

Annual Report

12. The 2008 annual report provides financial and non-financial information about the ARTNL group. Highlights are summarised below.
13. ARTNL performed adequately over the year ending 30 June 2008, and achieved, before interest, tax, depreciation and amortisation, an earning surplus of \$76,000, which is a reduction from the 2006 surplus of \$735,000. After the transfer of rail and ferry assets to ARTA, the ARTNL group's revenue sources are from rentals of Britomart retail and interest earned on deposits.
14. As at 30 June 2008, shareholders' equity comprised share capital of \$4.8 million, and an accumulated net surplus of \$1,164,000. The financial statements have been prepared on the basis that the ARTNL group is a going concern. The directors have reviewed budgets, projected cash flows and other relevant material and are confident that the group has adequate resources to continue operating in the foreseeable future.
15. The Auditor-General issued a qualified opinion on the annual report, due to ARTNL not preparing performance information relating to the performance targets in the SOI for the period to 30 June 2008. No particular penalties apply in relation to this breach. The audit report was clean in respect of the financial information.

Auditors

16. The Local Government Act 2002 requires that the Auditor-General is the auditor of council controlled organisations and their subsidiaries. It is therefore recommended that the Waitakere City Council vote in favour of the resolution to reappoint the Controller and Auditor-General as auditor of the ARTNL group. Officers also consider it appropriate that the directors of ARTNL fix the auditors fees.

Statement of Intent

17. The directors of ARTNL have submitted the company's Draft SOI for the three-year period from 1 July 2009 to 30 June 2012 for shareholders' approval. This is similar to the 2008 Statement of Intent, which was amended to reflect the transfer of ARTNL's rail and ferry assets to ARTA. The remaining performance measures relate to the running of the company itself and to the management of the Britomart transport centre and completion of some residual capital projects around ferry terminal facilities for ARTA.

18. The Draft SOI notes that Britomart will be transferred to Auckland Council and ARTNL wound up by way of voluntary liquidation, and that the activities forecast in the Draft SOI may therefore only be undertaken for a limited period. ARTNL's objectives include ensuring continuity of operations until the reorganisation is completed and cooperating with shareholders and others in the transition to a new ownership structure for Britomart.
19. The shareholding councils' last year agreed to waive the requirement that the ARTNL Shareholders Representative Group meet to consider and subsequently recommend to the parties, the approval or otherwise of the SOI. Given the currently limited functions of ARTNL and the imminent restructuring of Auckland's governance, officers consider a waiver of these requirements is again appropriate.
20. Each of the shareholding councils' have been requested to sign a resolution:
 - (a) To waive the requirement for the Shareholders Representative Group to meet to recommend that the Shareholders approve the Draft SOI; and
 - (b) To resolve to approve the Draft SOI in accordance with clause 7.2 of the Shareholders' Agreement and article 2.4.1(a) of ARTNL's constitution.

- A143-A144
21. An ARTNL shareholders' resolution to this effect has been drafted (attached at pages A143 to A144) and it is recommended that the Chief Executive Officer be authorised to sign this resolution on behalf of the Waitakere City Council.

Buy Back of Shares

22. The possibility of ARTNL buying back the shares held by Waitakere City Council and Manukau City Council has been raised with the directors of ARTNL. The rationale is that the primary remaining asset of ARTNL is the lease of the Britomart Transport Centre which is owned by Auckland City Council. This would enable a return of capital to shareholders and simplify administration and governance of ARTNL.
23. Such a change in structure is considered unnecessary in light of the government decision to establish the Auckland Council. It is envisaged that the Britomart Transport Centre would be transferred by ARTNL to the Auckland Council or its subsidiary and ARTNL would subsequently be wound up in a voluntary liquidation.

Consideration of Community Views

24. The community interest in ARTNL is to ensure that its assets remain in public ownership. The ARTNL group is operated prudently and its annual report and Draft SOI are publicly available. No consultation with the public is required.

Preferred Option

25. It is appropriate for the Chief Executive Officer to sign the proposed written shareholder resolutions rather than hold a physical shareholders meeting. The 2008 annual report and Draft SOI are in order to be adopted.

STRATEGIC CONTEXT

26. The matters in this report relate to the Council's governance responsibilities. The Britomart assets owned by ARTNL are important public assets for the region. The financial management of ARTNL is important so that these assets can be transferred to the Auckland Council or its subsidiary.

CONSULTATION

27. No consultation is required to be undertaken in relation to the matters contained in this report as these relate to the exercise of statutory responsibilities of the Council as a shareholder.

RESOURCES

28. No financial resources are required in relation to the matters raised in this report other than staff time. Given the present reorganisation of ARTNL, and ARTNL's reduced responsibilities, the Shareholders Representative Group no longer meets. The Council has previously written down the value of its shares in ARTNL.

IMPLEMENTATION ISSUES

29. The shareholder resolutions will need to be signed and provided to ARTNL. The ARTNL board can then issue the final 2009-2012 Statement of Intent.

AUCKLAND COUNCIL TRANSITION ISSUES

30. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of agreeing to the statement of intent of a council-controlled organisation as per section 31(4)(n). The Auckland City Council as the major shareholder is expected to forward the approved statement of intent to the Auckland Transition Agency for confirmation.

Report prepared by: Kevin Wright, Manager Transport Strategy.



14 HENDERSON STATION BILLBOARD ARTS PROJECT, DEED OF SUB-LICENSE WITH APN OUTDOOR LTD

GLOSSARY

Auckland Regional Transport Authority	(ARTA)
APN Outdoor Ltd	(APN)
Henderson Station Billboard Project	(the Project)

EXECUTIVE SUMMARY

A145-A171

The purpose of this report is to seek approval from the Finance and Operational Performance Committee in regard to a deed of two year sub-license (attached at pages A145 to A171) that has been agreed in principle between APN Outdoor Limited (APN) and Waitakere City Council for the construction of billboard frames on the back-side of the two pairs of billboards on Railside Avenue, adjacent to Henderson Station.

The Henderson Station Billboard Arts Project (the Project) draft images were presented to the Culture and Community Committee at its meeting on 13 May 2009 for feedback and information. The Culture and Community Committee resolved to receive the presentation and there were no issues raised relating to the project.

RECOMMENDATIONS

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

1. **Receive** the Henderson Station Billboard Arts Project, Deed Of Sub-license With APN Outdoor Limited report.
2. **Approve** the Deed of sub-license with APN Outdoor Limited and, that authority be delegated to the Chief Executive Officer to approve the terms and execute the signing of the agreement.

BACKGROUND

1. The initial development of this project was undertaken as part of the Henderson rail station artworks integration process. Eight artists were commissioned to collaborate with Council staff to develop a series of artworks that reference West Auckland legends. Each artist has taken on a legend and developed the artwork to tell that story.
2. The current billboards that are located in the rail corridor are of a commercial nature and face onto Railside Avenue to address traffic using both the West City car park entry / exit and travelling along Railside Avenue. The billboards are positioned on land that is leased from the Auckland Regional Transport Authority (ARTA) to APN.
3. Ownership of the land is held by ONTRACK and is leased to ARTA for the Henderson Bus Rail Interchange. Currently the backs of the billboards are not utilised and have been a site for repeat tagging over the past three years. The area directly around the billboard site is landscaped with small native flaxes and shrubs. The backs of the billboards face onto the Henderson rail platform and are visible from the rail overbridge.

DECISION MAKING

Issues

4. All aspects of the Project have been approved by the relevant external partners.

Options Identified

5. The option to progress with the signing of the sub-license by Council and subsequent completion of the Project is the only one identified.
6. This option will create an enhanced visual experience for users of the Henderson rail station and at the same time will reduce the incidence of tagging on the backs of the existing billboards.

Consideration of Community Views

7. Through the research and development stage of the Project Council officers and contracted artists spoke to a wide range of people in the development of the Project. Feedback from all involved has been very supportive of the Project.
8. The effect of the Project on the surrounding area is to enhance the space for the Waitakere community and reduce the incidence of graffiti on the backs of the existing billboards.

9. The proposal to approve the signing of the sub-license will assist in the reduction of graffiti around Henderson station and will also enhance the rail-users experience of the area.

STRATEGIC CONTEXT

10. This Project aligns with the following Council strategies:
 - The Regional Land Transport Strategy by improving amenities for the users of the rail platforms;
 - The Council's Transport strategy by creating useable spaces and encouraging the use of public transport;
 - Councils Heritage Strategy by using historic stories as content for the billboards; and
 - Councils Arts and Culture strategy by engaging local artists to graphically tell stories of local legends.
11. The integration of the objectives of these strategies will lead to a sense of place and identity and an arts rich urban, public space.

CONSULTATION

12. Council has consulted with ARTA and ONTRACK to confirm their agreement for the Project to proceed and for the Deed Of Sub-license between Council and APN to be signed.
13. Council's Legal Department have been involved in the production of the sub-license and have approved the Deed Of Sub-license.
14. During the research and development stage of this Project, consultation with units managing graffiti abatement and rail trespass was undertaken.
15. Additional consultation with Waitakere libraries and local historians was undertaken to assist in selecting the legends that will feature on the billboards.

RESOURCES

16. Budget for the Project is within the Annual Plan 2008/2009 year as follows:
 - the Waitakere Central building budget has been allocated to the Project as part of the Henderson Station arts budget. The sum from this source is \$36,000;
 - additional funding of \$26,900 from the Waitakere Central Project Surplus Budget was allocated by the Finance and Operational Performance Committee at its meeting held on 7 July 2008;
 - due to the late information relating to the requirement for this sub-license to be approved by Council and the consequent need to put the Project on hold until this is resolved, a memo is to go to the Directors Group requesting that the project and associated budget is carried forward for completion in 2009/2010; and
 - the value of the sub-license is a peppercorn rental of \$1 per year.

IMPLEMENTATION ISSUES

17. There are no implementation issues associated with the Project.

AUCKLAND COUNCIL TRANSITION ISSUES

18. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Norman Edgerton, Arts Project Coordinator.



15 POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS TO COUNCIL ORGANISATIONS REPORT

GLOSSARY

Council Controlled Organisations	(CCOs)
Council Controlled Trading Organisations	(CCTOs)
Waitakere City Holdings Limited	(WCHL)
Waitakere Properties Limited	(WPL)
Waitakere Enterprises	(WE)
Prime West Limited	(PWL)

EXECUTIVE SUMMARY

The Council has undertaken a review of the governance of its Council Controlled Organisations (CCOs) and has modified the original outcomes to account for the proposed changes in the governance of Auckland. The Board of Waitakere City Holdings Limited (WCHL) has been reduced in size from that envisaged in the review, for the Transition Period (from 25 May 2009 to 31 October 2010), and now includes one Independent Director and two Councillor Directors. WCHL is charging with reviewing the Boards of Waitakere Properties Limited (WPL) and Waitakere Enterprises (WE).

The policy on the appointment and remuneration of Directors needs to be updated and to be reconsidered in light of the changes made during the governance review and for the changes being implemented during the Transition Period.

RECOMMENDATIONS

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

1. **Receive** the Policy On Appointments And Remuneration Of Directors To Council Organisations report.
2. **Approve** the revised Policy On Appointments And Remuneration Of Directors To Council Organisations with the inclusion of one of the following three options:
 - Council Directors will not be entitled to receive normal Director's fees. Whilst this policy is based on all appointments being based on merit and Directors being appointed to act in the interests of the company and not as representatives, the Council has determined that fees should not be payable in addition to salaries paid for public service on the basis that their appointment is part of that existing position.

- **(Alternate 1).** Council Directors will be entitled to receive normal Director's fees.
The payment of fees is due to this policy being based on all appointments being based on merit and Directors being appointed to act in the interests of the company and not as representatives. It is considered that all Directors on any Board should be treated equally in recognition of the responsibility taken on by all Directors to act in the interest of the company they serve; or
 - **(Alternate 2).** Council Directors will not be entitled to receive normal Director's fees but will be paid the meeting fee established for the payment of a community appointment to any Council Committee or Subcommittee (currently \$235).
Whilst this policy is based on all appointments being based on merit and Directors being appointed to act in the interests of the company and not as representatives, the Council has determined that Director's fees should not be payable. The Council has however decided that it is appropriate that, in addition to salaries paid for public service, that all Directors on any Board should be treated equitably in recognition of the responsibility taken on by them to act in the interest of the company they serve and therefore some additional remuneration in the form of a meeting fee is appropriate.
3. **Agree** that payments made to the Chairman and Directors of Waitakere City Holdings Limited from 1 July 2009 be as assessed independently by consultants Strategic Pay as follows:
- Chairman \$32,300 per annum;
 - Independent Directors (if any) \$16,300 per annum; and
 - Councillor Directors (in accordance with 2 above) \$0, \$16,300 or Meeting fees as approved by the Remuneration Authority for payment to community appointments from time to time (currently \$233 per meeting per day).
4. **Agree** that implementation of the approved Policy on Appointments and Remuneration of Directors to Council Organisations is subject to confirmation by the Auckland Transition Agency.

BACKGROUND

- A172-A184
1. Section 57(1) of the Local Government Act 2002 requires all Local Authorities to adopt a policy for the Appointment and Remuneration of Directors of Council Organisations (COs). This policy should set out an objective and transparent process for this purpose. Section 275 of the Act required that the first such policy be adopted no later than June 2003. The Council adopted a policy on 28 May 2003 and amended it by the addition of a second appendix in June 2003. A copy of the proposed Policy is attached at pages A172 to A184.
 2. Section 6 of the Act defines Council Organisations as organisations on which one or more Local Authorities have voting rights or appoints one or more Directors, whether directly or indirectly. The definition of Director includes Trustees or Managers. Two subcategories of Council Organisations are also defined. Council-Controlled Organisations (CCOs) are those in which one or more local authorities control at least 50% of the voting rights, or appoint at least 50% of the Directors. Council Controlled Trading Organisations (CCTOs) are Council-controlled organisations, established for the purpose of trading for a profit.

3. The Council Organisations in which Waitakere City Council has an interest can be classified into three broad categories. There are those (including Trading Organisations) controlled by the Council in its own right, and there are those in which Council's control is shared with a number of other Authorities at a regional level. In addition there are a number of generally "not for profit organisations", to which Council appoints Directors or Trustees, but over which Council does not have ownership or voting control.
4. The Council has direct and indirect shareholdings and control in a variety of Council-Controlled Organisations and Council Controlled Trading Organisations. These all operate at arm's length from the Council on a commercial basis either through ownership greater than 50% or the ability to appoint more than half of the respective entity board.
5. Specifically, these entities are:
 - Waitakere City Holdings Limited;
 - Waitakere Enterprise Trust; and
 - Waitakere Properties Limited.
6. The Council itself has responsibility for monitoring and making appointments to WCHL. Generally WCHL will report and make recommendations to the Council on these matters. WCHL is required to monitor the governance and performance of Council-Controlled Organisations and Council Controlled Trading Organisations on behalf of the Council including the appointments and remuneration of Directors.
7. There are a number of regionally owned or controlled organisations in which this Council has an interest through ownership or representation, but where this Council does not have the ability to appoint more than half of the Directors, or does not own 50% or more of the shareholding.
8. The Council has non-controlling interests in numerous Council Organisations. Except for Prime West Limited, these are generally "not for profit" bodies. In respect of Prime West Limited (PWL), the ownership is shared 45% by Waitakere City Council and 55% by Tony Tay Limited. As for Council Controlled Trading Organisations, Waitakere City Holdings Limited now has involvement in receiving reports from, monitoring and making Council Director appointments to, Prime West Limited.

ISSUES

9. The November Finance and Operational Performance Committee report proposed that WCHL be reconstituted from its present form, initially with a board of 5 members with the final number being dependent on the scale of the activities to be undertaken. It was proposed that the new Board be comprised of 3 Independent directors and 2 Councillor Directors with effect from 1 July 2009.
10. In June 2009 the Finance and Operational Performance Committee confirmed that decision but agreed to postpone the appointment of two additional Independent Directors during the Transition Period. That meeting also agreed that a revised policy on the "Appointment and Remuneration of Directors" be brought back for consideration at the Finance and Operational Performance Committee scheduled for 6 July 2009. In effect, that deferred a decision on a proposal that remuneration be paid to all members of Waitakere City Holdings Ltd Board. This report completes the review and requests the Council to consider a decision on remuneration as well as other amendments to the Policy to update it.

11. The WCHL Board is charged with reviewing the Boards of both WPL and WE as soon as possible after 1 July 2009. WCHL will take into account the special circumstances relating to the changes in the governance of Auckland and the current global financial situation when determining the make-up and numbers for each Board. This Policy will be applicable to the appointments and remuneration payable to WPL Directors and WE Trustee Directors.
12. The Policy amendments also provide for the requirement that there should not be any duplication of appointed roles on the Councils CCOs and Companies, including WE, but that this not be implemented during the Transition Period. The effect of this decision is to retain the principle that there be no duplication but to provide for continuity until 31 October 2010.

DECISION MAKING

13. The Council is being requested to adopt an amended Policy for the appointment and remuneration of Directors. The specific amendments that require decisions are as follows:
14. In recognition of the workload of all Board Members, and acknowledging the Peer Review assessment, it is the view of the WCHL Board Chairman that it be recommended to the Council that all WCHL Board Members be remunerated.
15. All Boards require diligence, wisdom, and experienced judgements from their Board members and in the current economic climate the workload and pressures increase substantially.
16. The Board is required to:
 - Undertake strategic and business planning;
 - Ensure effective and timely reporting to the Council;
 - Undertake fiscal management of WCHL, its subsidiaries, and WE;
 - Review and monitor the performance of WCHL, its subsidiaries, and WE;
 - Ensure appropriate risk management and compliance;
 - Ensure sound relationships with stakeholders and community; and
 - Ensure effective Board governance of WCHL, its subsidiaries, and WE.
17. Directors duties include:
 - To act in good faith and in what the Director believes to be in the best interests of the company/entity;
 - To exercise a power for a proper purpose;
 - To comply with the Companies Act 1993 and the company's Constitution and Charter;
 - To exercise the care, diligence and skill that a reasonable Director would exercise having regard for the nature of the company, the nature of the decision and the position of the Director; and
 - To not use information gained from the company except for the benefit of the company.
18. All directors have the same obligations regardless of whether they are independent or not and they cannot delegate responsibility.

- A185-A189
19. Consultants "Strategic Pay" were engaged to undertake a review of the remuneration payable to the Board Chairman and Directors of WCHL. Their assessment is attached at page A185 to A189.
 20. The recommendation is to pay the 'market rate' as assessed by Strategic Pay. That means that the Chairman's remuneration will increase from \$30,000 per annum to \$32,300 and the remunerations for Directors (if any) be increased from \$15,000 to \$16,300. The effective date for this remuneration increase and any payments to Councillor Directors is 1 July 2009.
 21. The Council is requested to determine which of the following three options it requires to be included in the Policy regarding the payment of remuneration to Councillor Directors:
 - Council Directors will not be entitled to receive normal Director's fees.
Whilst this policy is based on all appointments being based on merit and Directors being appointed to act in the interests of the company and not as representatives, the Council has determined that fees should not be payable in addition to salaries paid for public service on the basis that their appointment is part of that existing position;
 - **(Alternate 1).** Council Directors will be entitled to receive normal Director's fees.
The payment of fees is due to this policy being based on all appointments being based on merit and Directors being appointed to act in the interests of the company and not as representatives. It is considered that all Directors on any Board should be treated equally in recognition of the responsibility taken on by all Directors to act in the interest of the company they serve; or
 - **(Alternate 2).** Council Directors will not be entitled to receive normal Director's fees but will be paid the meeting fee established for the payment of a community appointment to any Council Committee or Subcommittee (currently \$233 if approved at that level by the Remuneration Authority).
Whilst this policy is based on all appointments being based on merit and Directors being appointed to act in the interests of the company and not as representatives, the Council has determined that Director's fees should not be payable. The Council has however decided that it is appropriate that, in addition to salaries paid for public service, that all Directors on any Board should be treated equitably in recognition of the responsibility taken on by them to act in the interest of the company they serve and therefore some additional remuneration in the form of a meeting fee is appropriate.
 22. In the event of a Council or WCHL staff member being appointed to a CCTO Board, the fees for that appointee shall either not be paid or be paid to the Council or WCHL, unless there are special circumstances. This reflects the employee being appointed as part of their existing position.
 23. The Committee has requested details of what some other Council's policies are in relation to payment to appointed Councillor Directors and Trustees. This information is being collated and will be forwarded under separate cover or tabled at the meeting.

STRATEGIC CONTEXT

24. Council's mechanisms for the delivery of Council services and achievement of sustainable social, economic, environmental and cultural outcomes include either ownership or control of a number of entities where Council is required to maintain appropriate governance structures.
25. Council has a financial investment in its holding company and subsidiaries. These companies assist the Council in meeting strategic outcomes by a return on investment, involvement in strategic projects, economic development and in support of service delivery.
26. Council Organisations of all types are used as vehicles to implement aspects of the Long Term Council Community Plan and Annual Plan. Accordingly the Council is required to put in place transparent and objective procedures to ensure that appropriately skilled and experienced persons are appointed to the Boards of these Organisations.

CONSULTATION

27. Engagement has occurred with the Chairmen and Chief Executive Officers of WCHL, WPL and WE, the Council and Council's Chief Executive Officer and Directors in terms of the Governance Review. The Chairman of WCHL has been consulted on the particular issue of appointments and remuneration of Directors.

RESOURCES

29. There are no additional resources required to develop a policy for the appointment and remuneration to Council Organisations. Resources required to assess remuneration or to provide specialist assistance to recruit suitable directors for CCOs are provided from the budgets of the respective entities at the time required.

IMPLEMENTATION ISSUES

30. There are no implementation issues. WCHL will be advised of the Council Policy when adopted and will be required to implement its requirements.

AUCKLAND COUNCIL TRANSITION ISSUES

31. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of adopting or amending a policy concerning the appointment or remuneration of directors of a council-controlled organisation (section 31 (4) (l)).

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



16 **ELECTED MEMBERS REMUNERATION - REMUNERATION AUTHORITY PROPOSAL FOR 2009/2010**

GLOSSARY

Remuneration Authority

RA

EXECUTIVE SUMMARY

The purpose of this report is to advise the Finance and Operational Performance Committee of a new proposal by the Remuneration Authority (RA) for distribution of the pool available for the remuneration of Waitakere City Council Elected Members for the period 1 July 2009 to 30 June 2010. The proposal, specifically for the eight Auckland Councils affected by the Auckland reorganisation proposals, includes a reduction in the previously notified pool for salaries (back to 2008/2009 levels) and the establishment of a pool of meeting fees.

The RA has requested that Councils in Auckland notify their views of this proposal for consideration, before releasing its determination by the end of July 2009.

RECOMMENDATIONS

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

1. **Receive** the Elected Members Remuneration - Remuneration Authority Proposal For 2009/2010 report.
2. **Agree** that the Remuneration Authority be advised that the Waitakere City Council does not agree with its proposal to establish a pool of meeting fees to be paid to those Councillors attending meetings about Auckland reorganisation during the year from 1 July 2009 to 30 June 2010 and advise the Council would prefer the indicative increased level of salaries to be paid.
3. **Agree** that, in the event that the Remuneration Authority does include a meeting fees pool in its final Determination that the following rules apply to its distribution:
 - That a meeting fee of \$233 per half day be paid to the Mayor, Councillors and/or Community Board Members who engage, with the Council's approval, in any meeting, joint meeting, seminar, workshop or other event called for the purpose of discussing proposed changes to Auckland governance; and
 - That the Council's expenses rules also apply to any meeting, joint meeting, seminar, workshop or other event called for the purpose of discussing proposed changes to Auckland governance.
4. **Agree** that the Remuneration Authority be requested, that if it does establish a pool for meeting fees to be paid to those Councillors attending meetings etc called for the purpose of discussing proposed changes to Auckland reorganisation during the year from 1 July 2009 to 30 June 2010, that the pool be established in the sum of \$61,750 to equate with the reduction in the pool for 'salaries'.

BACKGROUND

1. The RA is established and derives its delegations and functions from the Remuneration Authority Act 1977 and makes determinations on local authority remuneration pursuant to clause 6 of Schedule 7 of the Local Government Act 2002.

2. The responsibility for setting Elected Members remuneration rests with the RA. The RA is required to determine remuneration, allowances and expenses payable to all Elected Members, whilst having regard to:
 - the need to minimise the potential for remuneration to distort the behaviour of Members;
 - the need to achieve and maintain fair relativity with the levels of remuneration received elsewhere;
 - the need to be fair to both the person whose remuneration is being determined and rate payers; and
 - the need to recruit and retain competent persons.
3. The RA established a remuneration pool for the year commencing 1 July 2009 and notified the Council of that pool of \$1,205,127. The Finance and Operational Performance Committee at its 9 March 2009 meeting resolved to request that the RA to review the pool so that no increase applies for the 2009/2010 year (that is, that the Pool remain at the same level as 2008/2009 \$1,143,378) in recognition of the current financial pressures.
4. Subsequently the Finance and Operational Performance Committee at its 11 May 2009 meeting resolved, after receiving verbal advice from the RA, to accept the new Pool for the 2009/2010 year, to confirm the method of apportionment of that Pool, and to review the proportion of the pool paid to Community Boards at a future review.
5. Waitakere has established the apportionment method of the pool and this has been approved by the RA each year. The Community Boards are consulted each year by the Council and have input into the Council's decision. In addition, the Community Boards also consider the Council's decision and make any representations they have to the RA. After due consideration, each year, the RA has approved the Council's apportionment of remuneration.

DECISION MAKING

Issues

6. The RA has chosen to remove the Auckland Councils from the general determination for remuneration of Elected Members of local authorities. It is their intention that the Auckland determinations recognise the ongoing change occurring in the governance arrangements for Auckland and that there is consistency in the way this change is recognised in the determinations, and that this treatment is transparent.
7. In December 2009 the RA advised councils of Mayoral salaries and indicative pools for 2009/2010. The increase in pool totals for Auckland councils ranged between 2% and 6%, the larger increase being driven by the rate of change in some districts. The Waitakere pool increase was 5.4%.
8. The RA advises that the structure and remuneration practises of councils within greater Auckland are diverse, and the range of remuneration is equally disparate.
9. The opinion of the RA is that the general economic and fiscal situation changed markedly after December, and in late January the RA wrote to all councils regarding options for taking up the 2009/2010 remuneration pools.

10. The response of the Auckland councils to the indicative pools has ranged from unanimous acceptance of increases to unanimous votes to decline. In the majority of councils there has been some disagreement (in some cases that has been intense) within the council and between councils and community boards on the best way forward.
11. In their letter of 16 June 2009 the RA notes "that in March 2009 the Royal Commission issued its report and the Government acted swiftly. Transition legislation is now in place and the Select Committee process on the final structure and role of Auckland local governance has commenced". The first stage of that process is nearly complete
12. The RA considers that the governance role of councils has already been affected and the nature of governance activities will be heavily affected over coming months. In order to achieve a consistent approach across greater Auckland, the RA has drafted a determination based on:
 - maintaining the 'salary' component of remuneration at the 2008/2009 levels; and
 - applying the increase in the 2009/2010 indicative pools to create or enhance existing pools of funds available for fees for specified activities associated with the transition to the new Auckland Council.
13. Because Waitakere does not have an existing meeting fees pool, a new meeting fees pool is created and it is proposed to pay a \$100 meeting fee per half day "in accordance with Council Policy as approved by the Remuneration Authority".
14. Even if the Council does not agree with the meeting fee proposal it is important to establish a policy for payment in the event that the RA makes a final determination that meeting fees will be paid.
15. The draft Determination states that "the maximum amount of meeting fees payable in accordance with this schedule to all elected councillors in respect of the period from 1 July 2009 to 30 June 2010 must not exceed \$34,500". It is noted that the revised pool for salaries is \$61,749 less than previously determined and the meeting fees pool is only \$34,500. That means that \$27,249 previously assessed as being payable to Elected members in Waitakere has 'disappeared'.
16. In its letter accompanying the draft Determination the RA states that the meeting fees fund (pool) will fund attendance of specified councillors at meetings, or similar activities, related to the Auckland structural change.
17. The RA has already approved meeting fees payable to community representatives appointed to Council Committees and this should be the fee paid to Elected Members too. That fee (\$233 per meeting) is currently before the RA awaiting approval.
18. There has been considerable activity leading up to the preparation of the submission to the Auckland Governance Legislation Select Committee on the Local Government (Auckland Council) Bill. That work is essentially complete. It is likely that there will be a similar process for the third Bill on Auckland governance that will engage some Councillors for extensive periods but at different levels of engagement.

19. Notwithstanding that there will be a period of concerted activity at the time the third Bill is introduced into Parliament it is considered that it will be for a defined and compressed period of time. The Council may well consider that the increase previously proposed in the salary component can be recognised as compensating Elected Members engage in that process. It is the Council that must undertake a monitoring and regulatory role if some members do not adequately engage in any business process.
20. The Remuneration Authority should be advised that the Waitakere City Council does not agree with its proposal to establish a pool of meeting fees to be paid to those Councillors attending meetings about Auckland reorganisation during the year from 1 July 2009 to 30 June 2010 but that, in the event that the Remuneration Authority does include a meeting fees pool in its final Determination, that the following rules apply to its distribution:
 - That a meeting fee of \$233 per half day be paid to the Mayor, Councillors and/or Community Board Members who engage, with the Council's approval, in any meeting, joint meeting, seminar, workshop or other event called for the purpose of discussing proposed changes to Auckland governance.
 - That the Council's expenses rules also apply to any meeting, joint meeting, seminar, workshop or other event called for the purpose of discussing proposed changes to Auckland governance.
21. The Remuneration Authority be requested, that if it does establish a pool for meeting fees for to be paid to those Councillors attending meetings about Auckland reorganisation during the year from 1 July 2009 to 30 June 2010, that the pool be established in the sum of \$61,750 to equate with the reduction in the pool for 'salaries'.
22. That the same approval process as applies for expenses claims in the event that a meeting fees pool is established. That is that Elected Members make a claim for payment on the prescribed form, approval is delegated to the Group Manager: Democracy and Support Services and payment is made monthly along with other expense claims.
23. It must be noted that claims can only be met and paid until the pool is finished.

Expenses

24. It is considered that the Council's approved expenses rules should also apply to any meeting, seminar workshop or other event concerning proposed changes to Auckland governance.

STRATEGIC CONTEXT

25. The Council is committed to increasing community participation and democratic processes. The way Elected Members are remunerated and the quantum of that remuneration has 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 unlikely to be best served should the only candidates putting themselves forward for election be those who have private income available to subsidise the Council duties.

CONSULTATION

26. No consultation has occurred with respect to this proposal and there is insufficient time to do that formally. The Chairmen of the Community Boards have been circulated with a copy of this report and asked for their comments. Any feedback received will be notified to the Committee at the meeting.

RESOURCES

27. Resources for the provision of payment to Elected Members are provided for in the Annual Plan.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

29. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constraint the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Darryl Griffin - Group Manager: Democracy and Support Services



PART E - REPORTS FROM THE SUBCOMMITTEES

17 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 29 MAY 2009 AND FRIDAY, 12 JUNE 2009

MATTERS CONSIDERED

A190-A206

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meeting is attached at pages A190 to A206.

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

Receive the meeting report of the Tenders Subcommittee held on Friday, 29 May 2009 and Friday, 12 June 2009.

RI Clow
CHAIRMAN

