



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

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

DATE: Monday, 7 September 2009 **TIME:** 9.30 am

MEETING ROOM: Council Chamber

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

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

3 September 2009

Carmen Fernandes
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8887

MEMBERSHIP:

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

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

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(Meeting Room could be subject to change)

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

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE
CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE,
ON MONDAY, 7 SEPTEMBER 2009, COMMENCING AT 9.30 AM**

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AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY, 7 SEPTEMBER 2009, COMMENCING AT 9.30 AM

PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

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

- (i) the Committee by resolution so decides; and
- (ii) the 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, 10 August 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, 10 August 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: 1 to 28 August 2009

Nº	NAME	PARTICULARS
4821	WCC	Consent notice under section 116 Public Works Act 1981 (in duplicate) - Olympic Park Road stopping and vesting in the Council - resolution 1746/2004
4822	WCC - SA Meredith, Salrich Property Limited and Chateris Construction Limited	Water and Electricity easements (in duplicate) - 46 Candia Road - SUB 2008-1438
4823	WCC - Neil Construction Limited	Authority and Instruction for an electronic transaction - 45 Lake Panorama Drive, Henderson - SUB 2007-712
4824	WCC - Shefali Chakrabarty	Warrant of Appointment and Evidence of Identity - No.WCC450
4825	WCC - Siosaia Pahulu	Warrant of Appointment and Evidence of Identity - No.WCC451
4826	WCC - Fatafehi Veikune	Warrant of Appointment and Evidence of Identity - No.WCC452
4827	WCC - Kaisa Afegogo	Warrant of Appointment and Evidence of Identity - No.WCC453
4828	WCC - Junior Safole	Warrant of Appointment and Evidence of Identity - No.WCC454
4829	WCC - Kevin Panaho	Warrant of Appointment and Evidence of Identity - No.WCC455
4830	WCC - PA & SA Todd	Encumbrancee's consent to variation of mortgage - 15 San Bernadino Drive, Henderson - Rule 44(2)
4831	WCC - AR & GP Tegg	Cancellation of Consent Notice - Tasman View Road - Rule 44(2)
4832	WCC - Neil Construction, EJ Krzanich and VA Manson	Partial cancellation consent notice - Lake Panorama Drive - Rule 44(2)
4833	WCC - Auckland Kindergarten Association on behalf of Lincoln North Kindergarten	New Lease of part of Kingdale Reserve (in duplicate) - Lease Assessment Group approved
4834	WCC - Andreas Nikolaus Carlson Lilley	Warrant of Appointment and Evidence of Identity - No.WCC456
4835	WCC - Waitakere Arts and Cultural Development Trust ("WACDT")	Funding and Service Agreement 2009/2010 (in duplicate)
4836	WCC - AJ and KA Watson and SA McKerrow	Authority and Instruction for an electronic transaction - 41 McClintock Road, Massey - Resource Management Act 200772294 re

Nº	NAME	PARTICULARS
		Drainage easement in gross - Certificates of Title 423012 and 423013
4837	WCC - Department of Conservation	Deed of Grant of Funds for the Te Henga Wetland Willow Control Project (in duplicate)
4838	WCC - JM and A Linnell	Memorandum of Encumbrance - Certificate of Title NA1301/48 - 38 Tainui Road, Titirangi
4839	WCC - JM and A Linnell	Authority for Use - Certificate of Title NA1301/48 - 38 Tainui Road, Titirangi
4840	WCC - JM and A Linnell	Memorandum of Encumbrance - Certificate of Title NA26B/369 - 40 Tainui Road, Titirangi
4841	WCC - JM and A Linnell	Authority for Use - Certificate of Title NA26B/369 - 40 Tainui Road, Titirangi
4842	WCC - JM and A Linnell	Authority and Instruction for an electronic transaction - 38 Tainui Road, Titirangi regarding Partial discharge of Encumbrance 5853697.2 over Certificate of Title 1301/48
4843	WCC - JM and A Linnell	Authority and Instruction for an electronic transaction - 40 Tainui Road, Titirangi regarding Partial discharge of Encumbrance 5853697.2 over Certificate of Title 26B/369 and for registration of Encumbrance
4844	WCC - Botica Estate and MA Thomson	Authority and Instruction for an electronic transaction - 17 and 17A Alma Street, Te Atatu South - Certificates of Title 398170, 398171 and NA1690/35 - RMA2007585

Report prepared by: Denis Sheard, Legal Services Manager.



PART C - FINANCE

6 FORECAST REPORTING 2009/2010

EXECUTIVE SUMMARY

A new process is being introduced requiring formal reviews of forecasts to provide better financial information for decision making. This will allow Council to be more flexible in its decision making and adjust programmes if required to meet changing needs. In the past, only actual to date results have been reported.

Three formal reviews, approximately quarterly, will be established during the year (August, December and March) which will capture confirmed savings at that particular time and reset forecast targets.

This process will commence from next month's meeting of the Finance and Operational Performance Committee which will establish a forecasting base line until the next formal review.

RECOMMENDATIONS

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

1. **Receive** the Forecast Reporting 2009/2010 report .
2. **Agree** to the process of formal reviews to review forecast targets and adjust priorities if required on a quarterly basis in the months of August 2009, December 2009 and March 2010.

BACKGROUND

1. Last month the Finance and Operational Performance Committee was presented with an Interim Management Report for 30 June 2009.
2. The final report for 30 June 2009 will be presented as the Annual Report in October 2009 to Council, once the Auditors have provided clearance.
3. Moving the focus to the 2009/2010 Budget and forecasts, this report presents the forecasts for the 2009/2010 year as estimated by managers as at 31 July 2009.
4. Forecasts are particularly important as we are in the midst of a time of significant change where managers are working to balance business as usual demands against the requirements being communicated by the Auckland Transition Agency.
5. This report presents a process to enable this organisation to manage its finances in a robust yet flexible manner, so that:
 - a. as an organisation, we achieve an end-of year result in line with what has been communicated in the Long Term Council Community Plan;
 - b. we complete work programmes as budgeted or disclose variations and have them approved;
 - c. savings are identified early so that funding may be re-allocated to other priority areas; and
 - d. resource pressures are acknowledged and addressed.
6. The new forecasting system is being introduced in October 2009 and is designed to provide a mechanism for such an approach.

DECISION MAKING

Issues

Process for Forecasting

7. The process requires the introduction of formal regular reviews. Reviewing, and re-casting budget expectations is a key component of this new process. It provides an opportunity for managers to highlight savings and/or additional funding requirements; for review by Directors and Council, and for revised financial expectations to be set.
8. The monthly forecast results as at the end of August 2009 will be the first review to establish a base line to agree on forecasting targets. Other reviews will follow in December 2009 and March 2010.

9. The intervening months, between those where budgets are subject to formal review, will be used to evaluate progress and highlight issues. This will provide a window within which to confirm budget surpluses and deficits, and also to analyse the impact of changes on work programmes.
10. The Directors will review the forecast report at their meeting in the fourth week of each month. Finance and Operational Performance Committee will then review in the first week of the following month.
11. It is envisaged that Finance and Operational Performance Committee, in the formal reviews, will be provided with some recommendations from the Directors to recognise any savings and options where they may be utilised for other priorities.
12. In the past, some units have gone back to the Finance and Operational Performance Committee of their own accord with savings and suggestions for utilisation within their own areas. This new process allows funding to be managed across the organisation, rather than in discreet silos.
13. The approach requires that the work programmes are undertaken in confidence and funding allocated in a flexible manner according to need within the overall budget envelope.

Forecast Results

A1

14. The forecast results completed as at 31 July 2009 are provided in summary attached at page A1.
15. The assessment of the internal review team concluded that not enough analysis had been undertaken to provide an accurate picture of Council's forecasted expenditure. As such it is proposed that the forecasted results for the end of August 2009 be reported as the forecasting base line rather than these results as at 31 July 2009 and in the interim, further instruction and other actions be undertaken to ensure the accuracy of the forecast.
16. The capital forecast appears to be optimistic in that 97% of the \$250 million budget is forecasted to be spent. Given the expenditure delivered last year with a similar staff capacity being only a proportion of this amount, the current forecast warrants more analysis.

STRATEGIC CONTEXT

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

CONSULTATION

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

RESOURCES

19. This report has no resource implications.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

21. 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: Stephen Drumm, Associate Director: Finance.



7 STATUS OF SPECIAL FUNDS

EXECUTIVE SUMMARY

A2

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 July 2009, as attached at page A2.

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.

A3-A4

3. Description of the nature of each special fund item is attached at pages A3 to A4.

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.

AUCKLAND COUNCIL TRANSITION ISSUES

9. 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: Khee Mee Soo, Deputy Director: Finance.



8 BORROWING AND INVESTMENT REPORT

GLOSSARY

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

EXECUTIVE SUMMARY

This is a monthly report to 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 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.

A5-A10

2. The relevant portfolio and graphs reflect the estimated position as at 31 July 2009 and are attached at pages A5 to A10.

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 Liability Management and Investment Policy and may include other information that is relevant to the Funds Management function.

Financial Implications

6. The active management of the treasury portfolio seeks to minimise the Council's borrowing costs and maximise investment returns of liquid assets. The Funds Management function is also charged with seeking investors, thus ensuring that there is sufficient liquidity available for the Council to continue its work programme. New Zealand financial markets are significantly volatile and therefore interest rate risk management is a key responsibility of the Funds Management function. Detailed financial information included within this report is intended to give assurance of the prudent management of the Council's portfolio.
7. The Council maintains a Standard and Poor's Credit Ratings of A-1 short term, and A+ long term (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 2007/2008 actual and the 2008/2009 budgeted levels.

Financial Ratio	Actual 2007/2008	Budget 2009/2010
Net Debt as a percentage of income	144.48%	212%
Net interest as a percentage of income	9.40%	12%
Net Interest as a percentage of rates	17.70%	20%

Interest Rates

9. The Reserve Bank of New Zealand again decided to leave its Official Cash Rate unchanged at 2.50% at the 30 July 2009 review. The next Official Cash Rate Announcement is due on 10 September 2009 with the expected outcome to be no change. The New Zealand dollar has continued to strengthen over August 2009 reaching 0.685 against the United States Dollar. Some financial market economists are picking that the New Zealand/United States cross could again reach the 0.80 level sometime in the medium term future. Wholesale interest rates have stabilised over the month with the 10 year interest rate trading between 6.0% to 6.1%.
10. The cost of credit has begun to contract over the last few months and this has been a significant factor in August 2009. Earlier this year, five year debt for local authorities came with a cost of credit or credit margin of 2.0%. During August 2009, local authorities were borrowing four year money with a credit margin of 1.1% and six year money with a margin of 1.4% indicating five year credit will cost around 1.2% to 1.3% over the five year interest rate swap rate. The cost of credit is likely to continue to decrease a little more over the coming months, but a constraining factor will be what banks are allowing on term deposits.
11. New Zealand 90 day bank bills have remained relatively stable over the past month bouncing around 2.73% – 2.79%, which reflects financial market expectations that the Official Cash Rate will remain stable for some time to come.

STRATEGIC CONTEXT

12. The management and use of borrowing and investments is aligned to all of the Council's strategic objectives, as adopted in both the LTCCP 2009-2019 and the Annual Plan 2009/2010.

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 2009/2010, provided for total new borrowings of \$230.585 million, including loans attributable to projects carried forward from previous years totalling \$114.412 million. Total interest cost has been provided in the Annual Plan 2009/2010 of \$31.839 million.

IMPLEMENTATION ISSUES

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

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: Bruce Wilkin, Group Manager: Funds Management.



9 AUCKLAND TRANSITION COSTS - JULY 2009

GLOSSARY

Auckland Governance implementation process	(transition)
Long Term Council Community Plan 2009-2019	(LTCCP)
Auckland Transition Agency	(ATA)

EXECUTIVE SUMMARY

The purpose of this report is to give an update to the Finance and Operational Performance Committee on the costs incurred by Council to date in relation to the Auckland Governance implementation process (transition).

These reports will usually be presented to the Finance and Operational Performance Committee on a monthly basis. This report overviews transition costs incurred for the July 2009 period.

RECOMMENDATION

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

Receive the Auckland Transition Costs July 2009 report.

BACKGROUND

1. On 5 May 2009, the Finance and Operational Performance Committee requested that all transition costs to Council be recorded and reported to the Finance and Operational Performance Committee on a monthly basis. It was resolved as follows:

The Finance and Operational Performance Committee resolved to:

1. **Receive** the Operating And Capital Expenditure Summary report.
2. **Direct** the Chief Executive Officer to ensure the recording of the cost to this Council of the Auckland Governance implementation process and report the costs incurred to the Finance and Operational Performance Committee on a monthly basis as a report.”

- The Waitakere Transition Project Steering Group are guiding Council's transition implementation process. This work includes managing costs and staff time associated with readying Council for the merger of Auckland territorial local and regional authorities into one Auckland Council by the local body elections in October 2010. Each workstream reports costs and staff time incurred on transition work on a monthly basis, and this information is centrally collated by the Waitakere Transition Project Steering Group for accountability and reporting purposes.

DECISION MAKING

- This report is for information only and does not require any decision making by the Finance and Operational Performance Committee.

Costs to date

- As at 31 July 2009, approximately \$175,000 had been incurred on Internal Transition Expenditure, inclusive of Community Advocacy Expenditure. Itemised expenditure figures were not available at the time of printing due to reconciliation. Full details of this expenditure will be provided to the Finance and Operational Performance Committee at its meeting scheduled for 12 October 2009.

Staff Time Reporting

- As discussed above, the Council Officers time spent on transition work is reported monthly by each portfolio as well as those Council officers working in the area of project management, and this information is centrally collated and reported to the Waitakere Transition Project Steering Group and Finance and Operational Committee for accountability and reporting purposes.
- Council officers time spent on transition work for the month of July 2009 was as follows in Chart 1:

Time Spent On Transition Project - July 2009

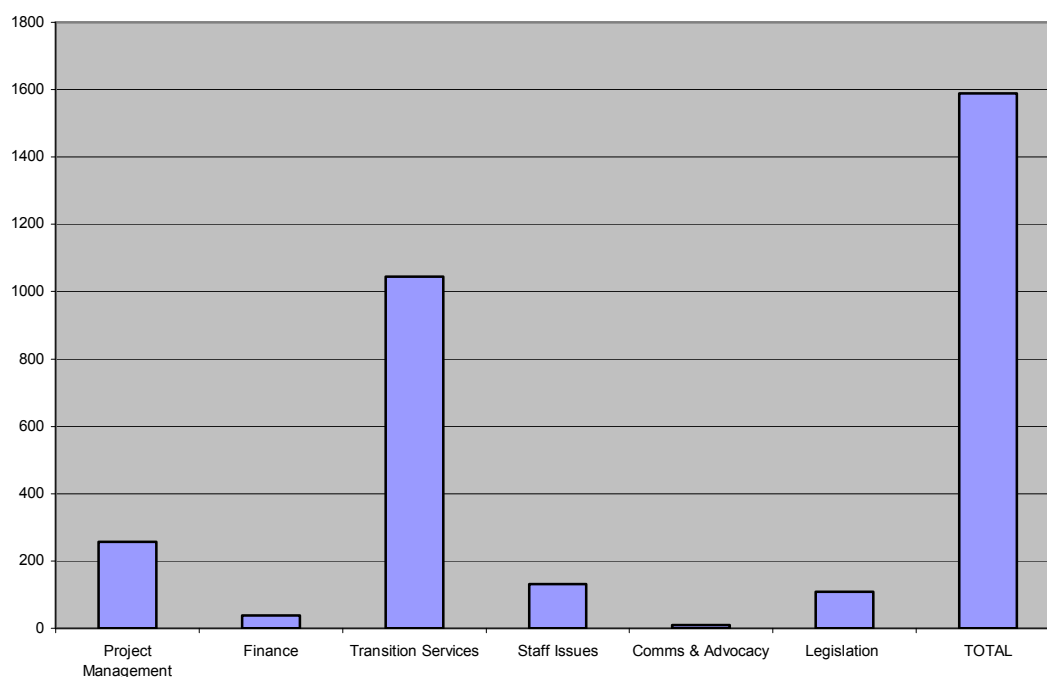


Chart 1 – Time spent on Transition Project – July 2009

7. The number of Council officers involved in transition work for the month of July 2009 was as follows in Chart 2:

Number of Council Officers Involved in Transition Project - July 2009

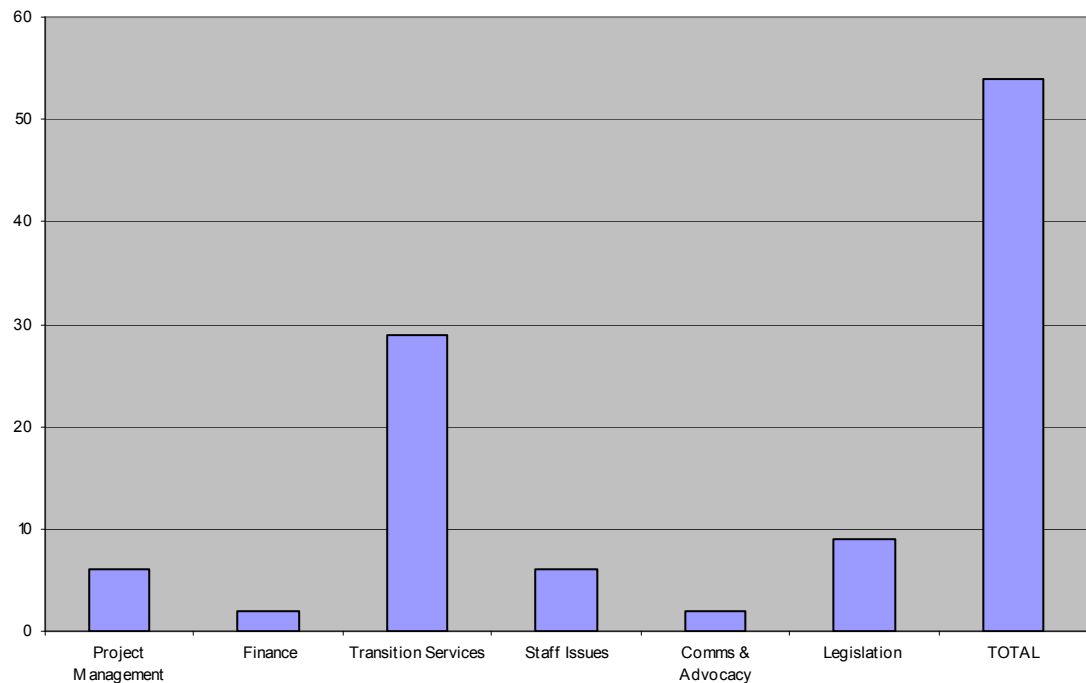


Chart 2 - Number of Council Officers Involved in Transition Project - June 2009

STRATEGIC CONTEXT

8. The Council's Transition Programme is necessary to achieve the Council's strategic direction and align with legislative requirements under the Local Government Tamaki Makaurau Reorganisation Act 2009 and the ATA requirements.

CONSULTATION

9. There is no consultation required for this report.

RESOURCES

10. The Annual Plan 2009/2010 does not include an allocated budget for transition costs except for a carry forward amount that has been approved by the Long Term Council Community Plan and Annual Plan Committee. The Finance and Operational Performance Committee will need to determine any reallocation of budgets between work programmes at the quarterly budget reviews to fund additional cost requirements.
11. Work related to the gathering of information and systems development for meeting anticipated requests from the ATA prior to 30 June 2009 were sourced from existing budgets and savings.

IMPLEMENTATION ISSUES

12. There are no implementation issues arising from this report.

AUCKLAND COUNCIL TRANSITION ISSUES

13. 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: Owena Schuster, Project Manager: Waitakere Transition.



PART D - GENERAL

10 WAITAKERE CITY HOLDINGS LIMITED UPDATE

GLOSSARY

Auckland Transition Agency	(ATA)
Auckland Film Studios Limited	(AFSL)
Council Controlled Organisation	(CCO)
Statement of Intent	(SOI)
Waitakere City Holdings Limited	(WCHL)
Waitakere Enterprises	(WE)
Waitakere Properties Limited	(WPL)

EXECUTIVE SUMMARY

The purpose of this report is to provide an overview on the 2008/2009 year-end reporting for Waitakere City Holdings Limited (WCHL) and its subsidiaries. An update is also provided on recent decisions and initiatives for planned operations in the year ahead.

A presentation will be made at this meeting by the Chairman of the WCHL Board. The Chairman will be supported by the Chairmen and Chief Executives for Waitakere Enterprise (WE), Waitakere Properties Limited (WPL) and Auckland Film Studios Limited (AFSL) (formerly Prime West Limited).

RECOMMENDATION

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

Receive the Waitakere City Holdings Limited - Update report.

BACKGROUND

1. A number of strategic changes have recently been implemented to improve governance, leadership and monitoring for Waitakere's Council Controlled Organisations (CCO's). Effective from 1 July 2009, the role of the WCHL Board has been clarified and strengthened to manage the relationship and performance of WE, WPL and AFSL. The relationship between the Council and the WCHL Board is managed by the Director: Corporate and Business Services.

2. Council has a 100% shareholding in WCHL which in turn has a 100% shareholding in WPL which develops and manages Council-owned properties. WPL has a 44% shareholding in AFSL which owns the assets of the Henderson Valley Film Studios. WPL's development projects are usually managed through a "deed of trust" individually set up for each project. The Waitakere Enterprise Trust Board (trading as WE) is the Council's economic development agency and is tasked with undertaking initiatives which accelerate the sustainable economic growth of the City.
3. Through the respective Statements of Intent (SOI), the Council requires that WCHL, WPL and WE provide regular financial and operational performance reports and commentary to Council. ASFL is not classed as a "CCO" within the meaning of the Local Government Act 2002, and as such, is not required to report formerly through to Council. It is currently agreed that WCHL will provide an overview on the operational performance of this entity in conjunction with its required reporting on WE and WPL.
4. Consolidated financial statements for WCHL, its subsidiaries and interests in associates, including summary schedule of Trust Account transactions for WPL, and statement of service performance for these entities, will be consolidated in to the Council position for adoption after the financial accounts have been audited as required. This will be reported upon in due course and the details of these documents can be made available upon request to the Director: Corporate and Business Services.

DECISION MAKING

5. As this report is for information only there is no decision making required.
6. The sections of the report below provide an overview on the annual performance highlights (for the period ended 30 June 2009) and future priorities for WE, WPL and AFSL. This information is based on performance updates presented to the WCHL Board in July and August 2009 and further detail will be provided in the supporting presentation led by the WCHL Chairman.

Waitakere City Holdings Limited

7. The current SOI for WCHL reflects those priorities identified through the Council's Governance Review of CCO's (approved November 2008):
 - Strengthened governance and leadership role for Council's CCO's – this included clarified reporting and communication lines, and guidance to ensure that entities are operating to the same priorities as Council and that their work aligns to Council's strategic objectives;
 - Enhanced and improved performance monitoring and reporting functions (working to improve the way in which funding and performance objectives are directed and monitored, to ensure the targeted and efficient management of resources); and
 - Two councillors have been appointed to the WCHL Board.
8. It is noted that some of the proposed entrepreneurial business improvement initiatives for WCHL have been put on hold due to the transition to one Auckland Council (transition period from 24 May 2009 to 31 October 2010). WCHL is now expected to focus on ensuring that current work programmes are well managed, delivering to high standards, and are approved by the Auckland Transition Agency (ATA), rather than actively seeking out new business ventures.

9. The majority of the foundation documents required to support the future operations of WCHL (including SOI, Company Charter, Board Membership, Remuneration Policy and the Constitution) have now been completed and approved. Work is underway to prepare draft templates and review the resources required to ensure that best practice processes and reporting are in place for WCHL. The WCHL Board will also undertake a review of the WE and WPL Boards to ensure the appropriate representation of skills, attributes and experience are in place at this time of transition.
10. R M Jewell and H V O'Rourke resigned from the WCHL Board – they have been sincerely thanked for their contributions to the WCHL Board and governance of the Council's entities.

Waitakere Enterprise

11. Overall WE continues to grow and is performing well in its service delivery against targets, with reported increases in business service volumes and business events attendance compared to previous years. Although the preliminary financial reporting demonstrates an improved cash position for the year ending 30 June 2009, it is noted that WE's application for charitable status has been declined (with effect from 1 July 2008) and this will result in a minor loss for 2008/2009. The impact of funding Income and Fringe Benefit Tax will now be included in the financial forecasts for 2009/2010.
12. Priorities for 2009/2010 are to deliver on services as outlined in the approved WE SOI, Funding Service Agreement (committed to for one year rather than the usual three-year term due to the impending transition to the Auckland Council) and Annual Activity Plan.
13. Key updates to the WE SOI for the year ahead are that:
 - It incorporates the Economic Wellbeing Strategy adopted by the Policy and Strategy Committee on 4 June 2009;
 - It has performance measures that are aligned and weighted towards the strategic direction of the Council; and
 - The priority initiatives of WE have been aligned to address the Council's concerns over the impact of the recession on local businesses and residents as well as to promote and leverage off tourism, sustainability and Rugby World Cup opportunities.
14. Proactive representation to the Select Committee on Auckland Issues continues, with a focus on the positioning of economic development alongside the new Auckland Council.

Waitakere Properties Limited

15. Delivery on priority projects continues to be impacted by the current economic climate and additional uncertainties as the transition to one Auckland Council occurs, with initiatives to research and expand into new investment opportunities being put on hold for the time being. WPL has reported that the company is in compliance with all matters in its SOI and all costs were covered for 2008/2009.
16. Key changes addressed in WPL's current SOI include the following:
 - The disclosure of WPL's annual budget and provision of Trust Project account budgets in the Council's Long Term Council Community Plan process. WPL will provide guidance on staged funding for projects and to work with the Council to ensure project financial reports comply with generally accepted accounting practices;

- Working to Letters of Direction for Trust Projects. These will include content and performance objectives and measures to be negotiated between the Council and WPL management via WCHL;
 - The reporting of risks relating to each project;
 - All trust projects to be reviewed against development criteria in the SOI before December 2009; and
 - Development of project and sustainability objectives for all projects by 30 June 2010.
17. In addition, it is noted that at its June 2009 meeting the Finance and Operational Performance Committee directed Council officers to carry out a review of:
- The best use of land currently held under trust by WPL - clarification on objectives for development and the potential transfer through to Property Assets unit or sale of any surplus land which no longer has viable development potential (report on findings and options to be completed by 30 June 2010). The preliminary work to rationalise the existing properties held in trust by WPL is underway; and
 - The best structure and most efficient use of council's investment in Waitakere Properties Limited (review findings and options to be completed by 31 December 2009).
18. WCHL and WPL will provide input and support for these initiatives, as required.
19. Priority projects for 2009/2010 include the following:
- Hobsonville Marine Industrial Precinct - the business case is being peer reviewed and submitted for ATA approval. Planning is well progressed on this project - priorities for the year ahead include working through the preliminary Comprehensive Development Plan lodged with the Council in June 2009, securing the relevant land and maritime resource consents and securing sales (demonstrated market demand is critical to viability of the project). "Yard 37 - New Zealand's Superyacht Precinct" is the current brand for marketing purposes. Providing certainty around the funding and provision of the launch infrastructure is a critical component for securing marine industry buy-in and associated work to deliver on this infrastructure is well progressed. A negotiated land swap agreement with Hobsonville Land Company will also be finalised.
 - Old New Lynn Hotel - plans to develop a childcare facility on this site will be progressed in accordance with the Council's strategic priorities.
 - Waitakere Central - WPL will provide ongoing advice on the best disposal strategy and programme for the sale of the Waitakere Central One building. This will take into account the use and occupation of the main Council building with the pending transition to one Auckland Council (the building currently meets full debt servicing costs).
 - Wilsher Village Redevelopment - WPL will focus on completing business case development (including financial modelling for construction and operations), developing an attractive marketing and investment package for the private sector.
20. R Noakes resigned from the WPL Board - he was sincerely thanked for his contribution to the WPL Board and governance of WPL.

Auckland Film Studios Limited

21. At the Annual General Meeting, it was reported that AFSL is in an extremely positive position and it delivered a financial return to Council for 2008/2009. It is noted that there were write-downs in property valuations for the 2008/2009 year.
22. Highlights for 2009/2010 include the following:
 - Company rebranding - at its July 2009 Annual General Meeting, Prime West Limited determined to change its name to AFSL. It is noted that the Chief Executive for WPL is now a Council-appointed Director on the Board of AFSL (established following the winding up of Prime West Management Limited);
 - The film studio facilities are being progressively upgraded and funding will be sought from NZ Trade and Enterprise to support proposed studio expansions; and
 - Walt Disney has confirmed film studio bookings through to March 2010.

STRATEGIC CONTEXT

23. Council Organisations of all types are used as vehicles to implement aspects of the Long Term Council Community Plan and Annual Plan. The Council has established WCHL, WPL, WE and other entities to assist the Council in meeting its strategic outcomes through a return on investment, involvement in strategic projects, economic development and in the support of service delivery. This includes investigating investment opportunities which have the potential to enhance employment opportunities or to stimulate economic growth, promoting investment in Waitakere.
24. WCHL has a responsibility to ensure that WPL and WE operate economically and efficiently, and in accordance with their agreed SOIs to optimise returns (both financial and non-financial) within the parameters set by the Council.

CONSULTATION

25. Engagement has occurred with the Chairmen and Chief Executives of WCHL, WPL, WE and AFSL. The Chairmen and Chief Executives of WPL and WE attended the 6 August 2009 WCHL Board Meeting and provided an update on their performance for the year ended 30 June 2009.

RESOURCES

26. For the time being, the resources required to support the WCHL Board in its expanded operations and reporting requirements continue to be met through the prioritisation of work programmes for existing Council staff resources.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

28. 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.

Decisions Update

29. The following is an update of decisions:
- In July 2009 ATA approved the SOIs of WCHL, WE and WPL as approved by the Council.
 - In August 2009, ATA approved the Council's updated policy on appointment and remuneration of Directors to Council Organisations (effective from 1 July 2009).
 - The Hobsonville Marine Industry project has been identified as an item of significance and all major decisions pertaining to this project (being delivered by WPL) will need to be approved by the ATA.

Report prepared by: Jaine Lovell-Gadd, Director: Corporate and Business Services.



11 REVIEW OF CONTRACTS WITH SPORT WAITAKERE 2008/2009

GLOSSARY

Sport and Recreation New Zealand	(SPARC)
Active Waitakere Collaboration Project	(Active Waitakere)
Waitakere Sport Club Taskforce	(the Taskforce)
Te Waka Ki Mua Move It Waitakere	(the Action Plan)
Operational Development Tool	(ODT)
He Oranga Poutama programme	(HOP)

EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee of the performance of contracts with Sport Waitakere in 2008/2009. The report also seeks the Finance and Operational Performance Committee's approval of the shared work programme for 2009/2010.

The Council and Sport Waitakere continued to work closely together on the shared work programme in 2008/2009 and were successful in achieving all targets. Sport Waitakere has continued their growth in capacity and capability and is quickly becoming the hub for all sport and recreation in Waitakere. Sport Waitakere were contracted by Council during 2008/2009 to provide additional complementary services. Sport Waitakere were successful in delivering on these.

RECOMMENDATIONS

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

1. **Receive** the Review Of Contracts With Sport Waitakere 2008/2009 report.
2. **Approve** the 2009/2010 shared work programme between Waitakere City Council and Sport Waitakere.

BACKGROUND

1. The Council has been supporting Sport Waitakere by means of an annual Funding and Service Agreement to provide community sport and physical activity programmes since 1992.
2. Since 2006, the Council has moved away from tagging funding to individual programme delivery, to investing in Sport Waitakere's core strategic business. Sport Waitakere provides the Council with their Sport and Recreation New Zealand (SPARC) reports that provide detail of their overall performance. The Council also identifies a number of key high level projects through the annually reviewed shared work programme, and monitors the performance of these projects more closely through regular meetings and additional measures and information provided by Sport Waitakere.
3. In May 2007, the Finance and Operational Performance Committee approved the development of a three year agreement as under.

“That the Finance and Operational Performance Committee approves the Chief Executive Officer negotiating a three year Funding and Service Agreement between Council and Sport Waitakere Trust, for the period 2007/2008 to 2009/2010.”

837/2007

4. The Sport Waitakere Funding and Service Agreement outlines the relationship and shared outcomes between Sport Waitakere and the Council and the work programme to be implemented between July 2007 and June 2010.

DECISION MAKING

Issues

5. Sport Waitakere has continued their growth in capacity and capability and is quickly becoming the hub for all sport and recreation in Waitakere. In response to this growth, Council's investment into new and existing sport and recreation projects has been directed through Sport Waitakere. The result is effective and efficient use of Council funds with added value generated from Sport Waitakere's significant involvement and expertise in the industry.
6. The 2008/2009 shared work programme between the Council and Sport Waitakere identified five key shared projects:
 - Active Waitakere Collaboration Project (Active Waitakere);
 - Active Participation in Sport;
 - Push Play Collaboration;
 - Neighbourhood Move It; and
 - Active Massey.
7. In addition to the Sport Waitakere Funding and Service Agreement, Sport Waitakere now enter into contracts with the Council to specifically support and deliver:
 - Active Waitakere;
 - Push Play; and
 - Sport Clubs Development.

8. The four contracts are aligned to complement each other and ensure Sport Waitakere have the ability to focus their resources in the most effective manner. Below is a review of these contracts for 2008/2009.

Sport Waitakere Funding and Service Agreement

9. **Active Waitakere** - Active Waitakere has come to the end of its first year of implementing Te Waka Ki Mua Move It Waitakere (the Action Plan). As recommended in the Action Plan, project teams have been initiated and are meeting on a regular basis working on specific action areas.
10. Sport Waitakere are involved in all aspects of Active Waitakere and continue to be the key driver of the project. Sport Waitakere have taken the lead in a number of groups, from the governance group to the project teams, and have provided additional effort to ensure the project implementation got off the ground successfully. Sport Waitakere have been heavily involved in developing key documents, including the communication and evaluation plans.
11. Sport Waitakere continues to successfully manage Active Waitakere including employing, overseeing and housing the Active Waitakere Manager and Co-ordinator as well as the Kelston/Glendene Community Broker.
12. **Active Participation in Sport** - Both Sport Waitakere and Council officers have continued to work collaboratively through the Waitakere Sport Clubs Taskforce (the Taskforce). The Taskforce meets monthly to discuss the issues facing sport clubs in Waitakere and to deliver the actions outlined in the Waitakere Sport Development Strategy.
13. An action plan for 2008/2009 was developed to guide the Taskforce, however priority is also placed on issues as they are raised by sport clubs. A major focus for the Taskforce in 2008/2009 was action four of the Taskforce Action Plan - to look for opportunities for sport clubs to amalgamate and/or share resources. A presentation focusing on joint ventures was developed by the taskforce and has been presented to a number of sport clubs. The presentation has been very well received and is the first step towards ensuring sport clubs maximise the limited resources available to them. Sport clubs at Taipari Strand, Piha Domain and Hobsonville Point, among others, are currently in the process of exploring joint ventures or partnership options.
14. A highlight for the Taskforce was the collaboration between 22 different sport clubs. With support from Sport Waitakere officers, the 22 sport clubs produced a submission to the Long Term Community Council Plan 2009-2019 which highlighted some of the key issues impacting on sport clubs. This collaborative approach was very beneficial as Council was presented with the issues facing 'sport' rather than solely issues facing individual sport clubs or codes.
15. **Push Play** - Sport Waitakere was given the responsibility of administering the Push Play fund this year. A team of Sport Waitakere and Council staff allocated funding, up to a maximum of \$500, to community groups, schools and sport clubs that wanted to provide activities or events that promoted Push Play during Push Play Nation. Thirty six applicants were successful in receiving funding.
16. A shared marketing campaign to advertise activities in Waitakere that promote the Push Play message during Push Play Nation was once again developed. A copy of the flyer that was developed was included inside the October 2008 issue of the Waitakere News and available at all Waitakere Community Centres and Libraries attached at pages A11 to A12. Push Play Nation 2008 was very successful with over 40 activities/events happening during the month.

A11-A12

17. **Neighbourhood Move It** - The Neighbourhood Move It initiative received SPARC investment in 2008/2009 and in September 2008 the Active Community Broker (Kelston/Glendene) was appointed. The Community Broker began by building relationships with Active Waitakere stakeholders as well as spending time in Kelston/Glendene to identify community leaders.
18. In its first year, Neighbourhood Move It had the following key outcomes:
 - Setting up systems;
 - Employing personnel and establishing an advisory group;
 - The launch of Move It in Kelston/Glendene; and
 - Successful neighbourhood initiatives.
19. The desired outcomes were all successfully achieved. The most encouraging aspects from year one has been the work done at the ground level. Community groups, individuals and leaders have been identified and relationships have begun to form between them. Local family and whanau have had the opportunity to gather in their local neighbourhood, spend time with their neighbours and be active all at the same time. Activities in parks, and more recently indoor activities, have had great success in drawing in the local community.
20. An additional Active Communities project, submitted by Active Waitakere and led by Sport Waitakere, has been approved by SPARC. The initiative labelled 'Funskills' involves the implementation of an active after school programme focusing on teaching children foundation movement skills. The initiative is smaller in scale compared to Neighbourhood Move It, however adds significant value to the project. Funskills is a Waitakere – North Harbour joint venture with each area piloting the programme in a specific neighbourhood. Funskills has an expected start date of term one 2010, however training for the programme leaders needs to occur first.
21. Continued funding from the major stakeholders has been secured for the subsequent delivery of this project.
22. **Active Massey** - Massey has benefited from the numerous Sport Waitakere programmes that have been delivered to the community. Sport Waitakere's workload has been focused into Massey in line with the Massey Action Plan which concludes in 2010. In addition to delivering existing programmes into Massey, Sport Waitakere lead the Active Massey Group which consists of both Sport Waitakere and Council officers.
- A13-A14 23. The highlight for the Active Massey Group has been the design and printing of the 'Explore Moire Park' Map (attached at pages A13 to A14). The map is designed with surrounding neighbours needs and wants in mind and was a project that was highlighted as the first priority at the Active Massey forum. A launch event for the map is being investigated by the Active Massey Group.
24. Sport Waitakere have now concluded their targeted programme delivery into Massey and the focus has shifted to evaluation.

Sport Club Development Agreement

25. When the Hillary Commission disbanded, outstanding funds were allocated to each region for the development of sport as each deemed appropriate. The Council are the stewards of this region's funding (currently an amount of \$940,552) and have issued the interest from this fund to Sport Waitakere to fund a sport development position. 80% of the fund went toward the Club Development Advisor position with the remainder made available for sport development projects.

26. Considerable work has been put into improving the capability of the current priority sports: athletics, basketball, football and netball. An example of this was the development of the Football Action Plan and the subsequent Football Forum that provided sport clubs an opportunity to discuss issues that they are facing. Both the Football Action Plan and Football Forum were well received by club officials and regional sporting organisation representatives.
27. Replacing the Accident Compensation Corporation Clubmark tool is SPARC's new Operational Development Tool (ODT). The ODT is a comprehensive tool that provides sport clubs with the tools to improve their organisation and delivery of sport. The Club Development Advisor has spent considerable time using this tool with sport clubs, and has received positive feedback about it.

Shared Work Programme for 2008/2009

A15-A23

28. The shared work programme for 2009/2010 (attached at pages A15 to A23) is similar to the previous programmes, although updated in line with project progressions. The key focus remains on Active Waitakere and Community Sport initiatives however a new shared project entitled "Special Projects" has been developed. Special Projects consist of a collection of smaller shared projects such as shared marketing and the Funskills project. These smaller projects have grown as a result of the continued partnership and exchange of ideas between Sport Waitakere and Council and the shared work programme is a way to capture and monitor these.

Overall Performance

29. Sport Waitakere continues to excel, achieving targets outlined in the various agreements. Their organisational excellence was acknowledged at the 2008 BNZ Waitakere Business Awards winning the Unitec Community and Volunteer Sector Best Practice Award.
30. Another indication of their capability was the recent announcement that Sport Waitakere will be the providers of the He Oranga Poutama programme (HOP) on behalf of the Auckland Regional Sports Trusts. HOP investment is intended to strongly centre on Māori cultural distinctiveness, support community leadership and grow participation in sport and recreation as Māori. Traditional physical recreation is also a focus.

STRATEGIC CONTEXT

31. The Council recognises that the activities undertaken by community groups, not-for-profit organisations and individuals make a valuable contribution to the Community Outcomes and the strategic outcomes pursued by the Council.
32. New Zealanders of all cultures connect together through physical activity and sport. Social and leisure activities are strongly associated with physical movement of some sort, thereby increasing participation in physical activity. Sport creates opportunities for positive social connection, volunteerism, feelings of belonging and contribution to our society.
33. Waitakere has recently adopted its new strategic framework of six strategies. The Social and Cultural Wellbeing Strategies are primarily where Sport Waitakere's work sits. In particular, contracts with Sport Waitakere contribute to the "building strong resilient communities" outcome area. Partnering with Sport Waitakere also contributes to achieving the strategic priorities of the Treaty of Waitangi, Sustainable Development, First Call for Children, Safe City and Lifelong Learning.

CONSULTATION

34. Representatives from both Sport Waitakere and the Council meet on a regular basis to discuss progress against the contracts. The 2009/2010 shared work programme was developed between Sport Waitakere and the Council. There was no consultation with other external parties.

RESOURCES

35. \$116,000 was allocated in the Annual Plan 2008/2009 for Sport Waitakere including \$5,000 specifically for promotional activities.
36. The Recreation Partnership Projects Leader manages the contract which involves meeting on a quarterly basis with the Chief Executive Officer of Sport Waitakere to evaluate progress against the shared work programme as well as involvement at ground level with the projects.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

38. 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: Paul Edwards, Recreation Partnership Projects Leader.



12 MASSEY LEISURE CENTRE 2008/2009 END OF YEAR PERFORMANCE

GLOSSARY

Young Men's Christian Association of Auckland (the YMCA)
Massey Leisure Centre (the Centre)

EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee on the performance of the Young Men's Christian Association of Auckland (the YMCA) at the Massey Leisure Centre (the Centre) during the 2008/2009 financial year.

Visitor numbers to the Centre have continued to grow with in excess of 200,000 annual visitors. The YMCA continues to offer a wide range of programmes and services from the Centre for all ages - toddlers through to adults.

RECOMMENDATION

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

Receive the Massey Leisure Centre 2008/2009 End Of Year Performance report.

BACKGROUND

1. The Centre is a purpose built facility that has a fitness centre, two-court stadium, a crèche facility and a sub-dividable community meeting/activity room. The YMCA is contracted to manage the Centre and the Council provides an annual operating subsidy to assist with running costs. This agreement has been in place since the facility was opened in 1999.
2. As part of the operating subsidy, the YMCA was allocated \$40,000 to deliver an increased level of youth programmes and services. The remainder of the operating subsidy is used to cover operational costs which enable the YMCA to offer programmes and activities to the residents of Massey.
3. The Centre provides a range of recreation, leisure and sport programmes, as well as providing hall/stadium hire and meeting space for community and user groups. Council officers negotiate annual visitor targets with the YMCA based on the wide range of facilities and programmes on offer at the Centre.

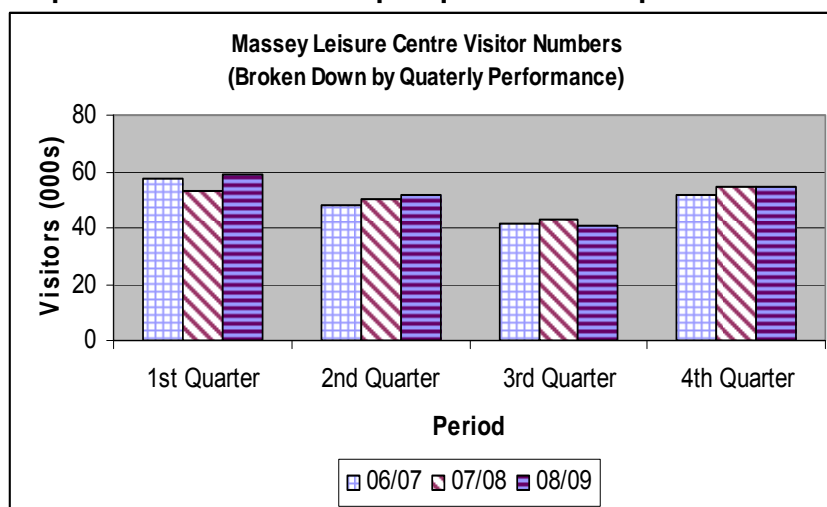
DECISION MAKING

Issues

Visitor numbers

4. The YMCA has had another successful year with visitors to the Centre at a record high. 205,871 people visited the Centre throughout the year compared with 200,307 in the previous twelve month period. The visitor total exceeded the target for the year by 6,553.
5. Growth has been achieved through several programmes/activities and age ranges. Particular areas of growth during the 2008/2009 period came from an increase in participants of children's Mini Ball and the physical education programme component that the YMCA run for home-schooled students. For adults the increase in visitors was through Basketball and Indoor Netball Leagues.

Graph 1 – Visitor numbers per quarter for the period 2006-2009



6. Since the fitness centre expansion in 2007/2008, the number of gym memberships has remained steady with 57,333 visiting the fitness centre. The fitness centre memberships resulting from those attending the Never 2 Old Programme are on the increase.

7. A decline in community hirers renting the Don Buck Room came about with a weekly hirer choosing to rent another facility as they had outgrown the space available in the Don Buck Room. The YMCA is continuing to look for hirers to fill this space.

Youth Activities

8. Youth activities at the Centre remain a priority area and continue to attract large numbers of youth on a regular basis. The monthly Friday night events have been extremely well attended with over 600 youth taking part in each event. Due to the ongoing issues with noise at the Centre affecting neighbours all music-based activities are run out of the Don Buck Room and in the foyer area, as opposed to the stadium. Sporting activities are run in the stadium during these events. Although far from ideal, this does appear to work in terms of enabling events to go ahead without causing disruption to neighbours and enabling more youth to attend. The New Zealand Police are now hiring the Centre to run their Koru Programme for youth they consider to be entering the "at risk" category.

Other activities

9. The YMCA After School Programme has a van with sign writing which has provided advertising and exposure for the Massey After School Programme.

Overall Performance

10. The YMCA has had an extremely productive year and continues to be a hub for sport, recreation and community activities in Massey. The Centre continues to be well managed and has an extremely friendly and effective team involved in running the facility.
11. To combat the current economic situation the YMCA has had to implement smart management of expenses and have concentrated on strengthening core business activities. Not only has the YMCA managed to achieve record visitor numbers for the year during this time, they have also managed to achieve budgeted targets.

STRATEGIC CONTEXT

12. Council's Social Strategy, Community Facility Plan, Youth Recreation Needs Assessment and the Funding Policy guide the provision of these facilities and activities to ensure that they are available to all residents and are in line with Council's Strategic Priorities and the Community Outcomes. The Council recognises that the facilities and activities provided by the YMCA make a valuable contribution to the Community Outcomes and the strategic goals pursued by the Council.
13. In 2005, Waitakere identified a set of Community Outcomes required in the Local Government Act 2002. The Council must take these into account in the formulation of its long term strategic direction. The Community Outcomes that the funding contributes to achieving are: Strong Communities, Urban and Rural Villages and Toiora.
14. Waitakere has recently adopted its new strategic framework of six strategies. The Centre can be seen to deliver on the majority of the strategies, and in particular the Social and Cultural Wellbeing Strategies. The facility and activities provided by the YMCA deliver on the "create built and natural environments that are accessible and promote health and wellbeing for all people" and "support projects, programmes and activities as well as venues and sites". The facility and activities provided by the YMCA also contribute to achieving the strategic priorities of the

Treaty of Waitangi, Sustainable Development, First Call for Children, Safe City and Lifelong Learning.

CONSULTATION

15. The YMCA regularly surveys customers on their needs and designs programmes around those needs.
16. Consultation is also undertaken with Council Officers and Massey YMCA staff in regards to the building and activities run from the Centre.

RESOURCES

17. Through the Annual Plan 2008/2009 an operating subsidy of \$80,000 was provided to the YMCA, of which \$40,000 is dedicated for youth programmes, with the remaining funds used for general operational costs and adult based programmes run at the Centre.
18. Leisure Services manages the relationship and contract with the YMCA.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

20. 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: Kim Hammond, Community Grants Officer: Leisure Services.



13 HOUSING FOR OLDER ADULTS - RENTAL INCREASES

GLOSSARY

Housing for Older Adults	(HFOA)
Work and Income New Zealand	(WINZ)
Housing New Zealand Corporation	(HNZC)
Housing Innovation Fund	(HIF)
Long Term Council Community Plan 2009-2019	(LTCCP)
Christchurch City Council	(CCC)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Finance and Operational Performance Committee to increase the Housing for Older Adults (HFOA) rents to market rental rates.

The funding concept for the HFOA renewal project was that the remaining net cost to Council after any Housing New Zealand Corporation (HNZC) funding from its Housing Innovation Fund (HIF) would be recovered through increased rentals are benchmarked to market rental rates.

Approval is sought to increase the rentals for tenants who are currently paying 25% of their gross income to 70% of market rent for singles and 80% of market rent for couples, capped at 30% of gross income.

The gross rental increase under this policy for a single super-annuitant will be \$35 per week, however an accommodation subsidy is available from Work and Income New Zealand (WINZ) and this will provide for 70% of the increase. The resulting standard net increase in weekly rentals is \$10.50 and subject to Council carrying out final consultation with the tenants to ensure there are no significant issues.

RECOMMENDATIONS

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

1. **Receive** the Housing For Older Adults – Rental Increases report.
2. **Approve** in principle, and subject to final consultation with tenants, the implementation of charging Housing for Older Adults rents based on 70% of market rate for singles, 80% for couples, capped at 30% of gross income including accommodation supplement.

BACKGROUND

1. Council owns and operates 336 HFOA units. These are located in 12 villages across Waitakere.
2. The HFOA portfolio is aimed at providing housing that is affordable with secure tenure for older adults who meet the following criteria:
 - Be aged 60 years or over;
 - Be capable of independent living;
 - Have monetary or property assets of no more than NZ\$17,500 (or \$20,500 couple);
 - If employed, have earned less than \$19,732 in the past 12 months;
 - Be a New Zealand citizen or have had residency status for a minimum of 12 months; and
 - Have resided personally in Waitakere for a minimum of five years or have had immediate family members who have lived in Waitakere for the past seven years or have worked (or collected a benefit) while resided in Waitakere for the past five years.
3. In June 2002, the City Development Committee resolved as follows:
 - “2. *That the financial results for Housing for Older Adults be allowed to operate under a “self-funding regime”, carrying forward revenue surpluses or deficits to future financial years as from 1 July 2002, in order to allow the asset to be able to run on a cost recovery basis instead of a year-to-year budgeting process.*

3. *That Housing For Older Adults rental policy be set to 25% of gross Superannuation, or 25% gross other taxable benefit, or 25% of gross Superannuation if not on a benefit. (Rentals will be adjusted in accordance with any future changes to benefits.)*
4. *That a staged process of rent reviews for Housing for Older Adults be implemented in six monthly intervals of \$10.00 per fortnight until all residents are on rents in line with the revised policy.*
5. *That “cost recovery” in terms of financing Housing for Older Adults be defined as the financing of operating costs, plus repayment of interest, plus funding depreciation.*
6. *That the annual depreciation provision set for Housing for Older Adults be dedicated solely for the use of this asset and be accumulated to provide for capital and renewal works on the asset, and that no specific fund be required to be built up, but that the depreciation provision be tracked by generally accepted accounting practice and be available for use when required and authorized through the Annual Plan process.”*

1080/2002

4. In the 2007/2008 financial year Council commenced a programme to upgrade its HFOA units. The programme was supported by funding provided from the HNZZ HIF fund with the remainder funded by Council. The Council's loan funded component is to be recovered over time through rentals. The self-funding model indicated a requirement to increase the rate of rentals and different policy options were explored.
5. The concept of pricing the HFOA units at a percentage of the market rate for an equivalent property was established as achieving an appropriate mix of value for money and recognition of the social aspect as Council is supplying a service to a sector of the community who can't afford market alternatives. In terms of a self-funding model linking rental rates to the property rental market more directly reflects changes over time of cost of providing the service. Incomes may be influenced by a number of other less related factors.
6. For an application for an HFOA unit to be accepted proof of financial limitation is required. If the amount of rent is higher than the WINZ threshold the tenant becomes eligible for an accommodation supplement.
7. The change to market rental rates was approved at the City Development Committee meeting held on 6 April 2006 where it was resolved as follows:

- “3. *That Scenario 2 for management of the Housing for Older Adults, which includes the following:*
 - a) *That the units in the eleven villages be upgraded to the standard of threshold 3 together with some size modifications for twenty units;*
 - b) *That the housing for older adults portfolio continues to be governed and managed in house; and*
 - c) *That the rental levels be moved to 70% of the market rent with annual reviews providing that the accommodation supplement provides for the majority of this increase.”*

520/2006

8. Following the 6 April 2006 meeting of the City Development Committee, the focus then moved to preparation for and implementation of the HFOA refurbishment project as in resolution 520/2006, 3a) above. To date upgrades have been carried out in seven of the 11 villages.
9. Following completion of round one (the first four villages), a report was brought back to the Finance and Operational Performance Committee meeting on 7 April 2008 where it was resolved as follows:

“The Finance and Operational Performance Committee resolved to:

1. **Receive** the *Housing for Older Adults Rental Increases* report.
2. **Agree** that the requirement to fund depreciation for the new renovations of the Housing for Older Adults units under the current renewal programme from the increased tenant rentals be excluded in accordance with current Council practice.
3. **Approve** that 60 days notice be given to all Housing for Older Adults tenants to bring in line with existing policy of 25% of gross income.
4. **Agree** that a report be brought back to the Finance and Operational Committee for a decision regarding rental increases to 70% of market rental for singles and 80% for couples, to be implemented in one year's time.”

582/2008

10. Since that meeting all existing tenants have had rental adjustments in line with the WINZ annual 1 April benefit rate adjustments in accordance with resolution 582/2008, 3 above.

DECISION MAKING

11. The decision to increase rents to market related rates was delayed until the tenants paying rent at 25% of gross income was adjusted in line with the annual WINZ benefit adjustments in accordance with the Finance and Operational Performance Committee resolution 582/2008.
12. In order to ensure that the HFOA portfolio remains self funding, the proposed policy change as recommended at the City Development Committee meeting on 6 April 2006 requires implementation.
13. The Long Term Council Community Plan 2009-2019 (LTCCP) includes rental income based on all tenants paying rent under the New Policy. This policy change was specifically mentioned in the LTCCP consultation information.

Issues

Christchurch City Council Precedent

14. Moves to implement the increase to market related rents were also put on hold due to a case taken against Christchurch City Council (CCC).
15. On 27 March and 29 April 2008, CCC made decisions that increased by 24% the rentals charged in respect of its social housing units. This was overturned by the Court on the basis that CCC failed to adequately comply with their policy on significance - the Court held that a 24% rent increase was an issue of significance in terms of that policy.

16. CCC also failed to adequately consider all reasonable practicable options including, in particular, the option of seeking Government funding to minimise the impact of rent increases upon tenants.
17. In respect of Council's Policy on Significance the decision to move to the market related rents has been the subject of previous reports identifying the options considered and with the conclusion that market related rents provide the best mechanism for meeting the self-funding basis as described in Council's Revenue and Finance Policy. The intention to apply the market related rental rates was included for consultation in the LTCCP. It is also intended to undertake a final consultation with the affected residents.
18. There are limited options giving regard to Council's determination to self-fund HFOA, to fund the service outside of rentals received. The market related rental rate is structured to maximise the contribution of Government funding by way of residents availing themselves of the WINZ accommodation supplement. Additionally to minimise the impact of rent increases on tenants Council took the option of using Crown funding via the HNZA HIF fund to minimise long-term costs requiring recovery through rents.

Policy Of Other Auckland Council's

19. North Shore City Council has no formal rental policy, other than that rental is charged at rates that ensure the service is run at minimal cost to the rate payer. North Shore City Council rental setting is guided by the Auckland Regional Affordable Housing Strategy whereby housing is considered to be affordable if households can access suitable and adequate housing by spending a maximum of 30% of their gross income.
20. At Manukau City Council rentals are charged at 25% of net benefit. The public/private split for this service is 30% funded from rates and 70% is financed from the rentals.
21. Given that there is no current consistency in the policies of the different Council's particularly with regards to overall rates contribution it is considered that this Council should for the time being implement its rental policy as previously determined.

Consultation On Change Of HFOA Rental To Market Related Rent

22. Tenants will be informed of the proposed rental increases and will have the opportunity to provide feedback via a survey.
23. Council officers will also be available to meet with individuals or groups to answer questions and discuss options if specific issues of hardship are raised.

Effect Of Policy Change

24. The tenants most adversely affected by the increase to 70% of market rate will be those on the unemployment, sickness, emergency, widows or invalids benefit. There are 21 tenants in this category, it is proposed to delay or stagger increases for this group. A further nine are already paying 70% of market rates having occupied after the April 2008 change in policy.
25. For superannuitants the net difference between what they are currently paying and an increase to market related rents is \$10.50 per week for singles and \$9.35 per week for couples.

Timing Of Rental Increases

26. Any rental increase requires a 60 day written notification to tenants and cannot occur less than 180 days (six months) after the date on which the last increase took effect.
27. The normal annual rent review in line with WINZ April 2009 benefit adjustments took effect early August 2009, and resulted in an increase of \$4.19 per week for super-annuitants.
28. Tenants who have taken occupation within the past six months were not included in this review because their rental is already being charged at market related rent and is therefore not affected by changes to income.

Consideration Of Community Views

29. The rental policy change from 25% of superannuation to market related rents was specifically noted in the LTCCP. There were no submissions received regarding this particular item.

STRATEGIC CONTEXT

30. Council's strategic priorities that are of particular relevance to the housing arena include Sustainable Development and Safe City. The Social Strategy provides the context for Council's provision of HFOA. The strategy includes the outcome of creating great living places with the Council committed to developing affordable, sustainable and healthy housing. The HFOA contributes to the community outcomes of Strong Communities and Toiora.

CONSULTATION

31. Over the past three years the topic has been discussed generally with individual tenants but the main focus has been on the refurbishments.
32. In June 2006, Council officers and Elected Members undertook consultation with the residents from all of the villages where they discussed the proposed HFOA refurbishment project. The proposal to increase the rents to 70% of market rental once the units had been upgraded was also discussed and the tenants were given an opportunity to give feedback and ask questions.
33. The proposed rental increase was included for consultation in the LTCCP.
34. Council's Legal Services has advised that further consideration of the views of those affected should be undertaken before the proposed market related rent increase can be implemented.

RESOURCES

35. No resources are required other than staff time.
36. The potential annual income for Council is shown in the table attached at page A24. The full implementation of this policy will provide an additional \$377,825.24 rental income. If the increases do not proceed this would leave a deficit in the HFOA account to be recovered in future years through increased rental or through reduced expenditure (reduced levels of service).

IMPLEMENTATION ISSUES

37. Implementation of the rental increases will require final consultation with tenants to ensure there are no significant issues, then providing assistance in liaising with WINZ regarding accommodation supplements and the associated paper work to be prepared.
38. The proposed increase cannot be implemented until February 2010 because under the Residential Tenancies Act 1986 a rental increase cannot occur less than 180 days (six months) after the date on which the last increase took effect and the last annual rent review in line with WINZ annual 1 April benefit adjustment took effect in August 2009.

AUCKLAND COUNCIL TRANSITION ISSUES

39. 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: Karen Shepherd, Manager: Operations Support; Melonie Lister, Senior Property Manager: Tenancy and Tina Hemsworth, Manager: Property Assets.



PART E - REPORTS FROM THE SUBCOMMITTEES

14 CREATIVE COMMUNITY SCHEME ALLOCATION SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON MONDAY, 24 AUGUST 2009 AND RECONVENED ON FRIDAY, 28 AUGUST 2009

1 CREATIVE COMMUNITIES SCHEME ALLOCATION - SECOND ROUND 2008/2009

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

Approve the Creative Communities Scheme Allocation - First Round 2009/2010, in accordance with criteria and available budget, from applicants as follows:

Applicant (NAR)	Eligible	Funds Requested	Funds Allocated
D R Bruce	Yes	\$2,319.00	0.00
Phab Association (Auckland) Inc.	Yes	\$3,280.00	\$3,000.00
A Baeza	Yes	\$1,932.67	\$1,932.67
Mutalau Uluauta Matahefonua Trust	Yes	\$4,230.00	\$4,000.00
B Partridge	Yes	\$3,000.00	\$0.00

Applicant (NAR)	Eligible	Funds Requested	Funds Allocated
United Sri Lanka Association	Yes	\$4,270.00	\$0.00
Norwestern Cook Islands Taokatai Inc	Yes	\$1,775.87	\$1,775.87
Rutherford Primary School	Yes	\$1,050.00	\$1,050.00
Titirangi Primary School	Yes	\$4,412.25	\$2,500.00
Friends Of Arataki	Yes	\$5,000.00	\$4,000.00
Kelston Girls College	Yes	\$3,361.40	\$2,000.00
Titirangi Festival Trust	Yes	\$2,611.00	\$2,500.00
Titirangi Theatre Inc	Yes	\$2,265.50	\$1,500.00
Latinz Cultural Trust	Yes	\$1,472.00	\$1,000.00
Auckland Festival Of Photography Trust	Yes	\$3,000.00	\$2,651.00
Lowdown	Yes	\$3,700.00	\$1,000.00
Pomaria Primary School	Yes	\$3,745.10	\$3,745.10
Waitakere Kiribati Community Association	Yes	\$3,936.06	\$3,000.00
C Davidson	Yes	\$5,000.00	\$3,500.00
Punanga Tauturu Kuki Airani	Yes	\$2,825.04	\$2,500.00
Lopdell House Society	Yes	\$5,000.00	\$3,000.00
Royal Forest & Bird Protection Society	Yes	\$4,650.00	\$0.00
Starfish Magic	Yes	\$2,410.24	\$2,000.00
Waitakere Arts & Cultural Dev Trust	Yes	\$4,960.00	\$4,000.00
Waitemata Country Music Club	No	\$0.00	\$0.00
Total		\$80,206.13	\$50,654.64

2 MATTERS CONSIDERED

A25-A31

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 A25 to A31.

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

Receive the meeting report of the Creative Communities Scheme Allocation Subcommittee held on Monday, 24 August 2009 and reconvened on Friday, 28 August 2009.

AK Corban, OBE, JP

CHAIRMAN



15 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS HELD ON FRIDAY, 7 AUGUST 2009 AND FRIDAY, 21 AUGUST 2009

MATTERS CONSIDERED

A32-A36

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings is attached at pages A32 to A36.

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

Receive the meetings reports of the Tenders Subcommittee held on Friday, 7 August 2009 and Friday, 21 August 2009.

RI Clow
CHAIRMAN



PART F - PUBLIC EXCLUDED MATTER

16 MASSEY NORTH TOWN CENTRE ASSETS

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

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following part of the proceedings of this meeting, Massey North Town Centre Assets.

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

General subject of the matter to be considered.	Reason for passing this resolution in relation to each of the matter.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
Massey North Town Centre Assets	The withholding of information is necessary in order to: <ul style="list-style-type: none"> • enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). 	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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

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

