



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, 12 October 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.

7 October 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,  
12 OCTOBER 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, 12 OCTOBER 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, 7 September 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, 7 September 2009, as circulated, and that they be taken as read and now be confirmed.



## PART B - PRESENTATION

### 5 NEW ZEALAND MARITIME MUSEUM

Paul Evans, Chief Executive Officer, New Zealand National Maritime Museum, will make a presentation to update the Finance and Operational Performance Committee on the Blue Water Black Magic - A Tribute to Sir Peter Blake project at the New Zealand National Maritime Museum, which will open in December 2009.



## PART C - LEGAL AND CONSTITUTIONAL

### 6 AFFIXATION OF COMMON SEAL

#### RECOMMENDATIONS

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

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

#### **EXECUTION OF DOCUMENTS: 1 September to 2 October 2009**

Nº	NAME	PARTICULARS
4845	WCC - Albany Apartments Limited (Islington Development Limited)	Authority and Instruction for an electronic transaction – 608 Islington Avenue, New Lynn - Certificate of Title 256158 - RMA2008473
4846	WCC - G Powell	Authority and Instruction for an electronic transaction - 84, 84A and 86 Triangle Road, Massey - Certificate of Title 434501 - RMA20081492
4847	WCC - John Ross Bethell, Parks Engineering Officer	Warrant of Appointment and Evidence of Identity - No.WCC457
4848	WCC - FM & RK Maxwell and Veronica House Limited	Consent to the registration of Fencing Agreement (Refer No.4815) - 46 Landing Road
4849	WCC - FM & RK Maxwell and Veronica House Limited	Consent to deposit of Plan 406655 as Encumbrancee under Encumbrance No.B633891.10, issue of Certificates of Title and registration of easements - 46 Landing Road
4850	WCC - FM & RK Maxwell and Veronica House Limited	Consent to grant of Easement in gross - Certificates of Title 423348 and 423349 - 46 Landing Road
4851	WCC - FM & RK Maxwell and Veronica House Limited	Consent to grant of Easement in gross - Certificates of Title 423347 to 423349 - 46 Landing Road
4852	WCC - Nicholapillai Canute Chandrakumaran, Team Leader - Transport Assets	Warrant of Appointment and Evidence of Identity - No.WCC458
4853	WCC - Terrance William Cann, Marine Warden	Warrant of Appointment and Evidence of Identity - No.WCC459

Nº	NAME	PARTICULARS
4854	WCC - Bernard Pang, Team Leader - Transport Operations	Warrant of Appointment and Evidence of Identity - No.WCC460
4855	WCC - The Laingholm and District Citizens Association (1998) Incorporated	Surrender of Lease of the Laingholm Beach Hall at 12A Western Road, Western Park, Laingholm - Rule 44.2 Standing Orders
4856	WCC - Schluter Investments Limited	Authority and Instruction for an electronic transaction - 52 and 52A Birdwood Road, Swanson - Certificates of Title NA138C/144 and NA138C/145 - RMA20041939
4857	WCC - Schluter Investments Limited	Fencing Agreement - 52 and 42A Birdwood Road, Swanson - Certificates of Title NA138C/144 and NA138C/145 - RMA20041939
4858	WCC - IJ and KI Humphris	Authority and Instruction for an electronic transaction - 3 Patsy O'Hara Place, Swanson, Certificates of Title 399580 and 399581 - RMA2006250
4859	WCC - Vinh Bui, Team Leader - Transport Assets	Warrant of Appointment and Evidence of Identity - No.WCC461
4860	WCC - New Zealand Housing Foundation	Authority and Instruction for an electronic transaction - 423-429 West Coast Road - Certificate of Title 163629 - RMA20061078 - (Extension of No.4747 on 8 June report)
4861	WCC - DL Brenan	Fencing Agreement - 9 Talmar Place, Massey - Certificates of Title 386033 and 836034 - RMA2007571
4862	WCC - DL Brenan	Authority and Instruction for an electronic transaction - 9 Talmar Place, Massey - Certificates of Title 386033 and 836034 - RMA2007571
4863	WCC - Charlie Riggs	Warrant of Appointment and Evidence of Identity - No.WCC462
4864	WCC - Noa Fusitua	Warrant of Appointment and Evidence of Identity - No.WCC463
4865	WCC - Maurice Tutala Stanley	Warrant of Appointment and Evidence of Identity - No.WCC464
4866	WCC - Nikolas Lui	Warrant of Appointment and Evidence of Identity - No.WCC465
4867	WCC - Piha Community Centre Society Inc	Renewal of Lease of Part of Less Waygood Reserve, North Piha
4868	WCC - Mae Holdings Limited	Authority and Instruction for an electronic transaction - 46-50 Millbrook Road, Henderson (Updating No.4811) - RMA20031988
4869	WCC - MP Saville	Conservation Covenant - 12 Kukupa Road, Sunnyvale - resolution 2090/2003 (in duplicate)

Report prepared by: Denis Sheard, Legal Services Manager.



## **PART D - FINANCE**

### **7 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT**

#### **EXECUTIVE SUMMARY**

An end of year financial forecast was completed by all Managers between 8 and 14 September 2009 for the period ending 31 August 2009. This report presents the results of this process.

These include; operational and capital expenditure forecasts, associated recommendations and individual results for Directorates.

#### **RECOMMENDATIONS**

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

1. **Receive** the Operating and Capital Expenditure Forecast Summary report.
2. **Note** that the stated forecasted end of year position, with adjustments, of \$138,000 (surplus).

#### **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.

A1-A25

2. This report covers expenditure to 31 August 2009. The financial summary and associated notes are attached at pages A1 to A25.

#### **DECISION MAKING**

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

#### **Issues**

4. 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.

#### **STRATEGIC CONTEXT**

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

#### **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: Geoff Williams, Deputy Director: Community Wellbeing.



## 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.

- A26-A31
- The relevant portfolio and graphs reflect the estimated position as at 31 August 2009 and are attached at pages A26 to A31.

### DECISION MAKING

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

### Issues

- 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.
- This report addresses the requirement of the Policy and may include other information that is relevant to the Funds Management function.

### Financial Implications

- The active management of the treasury portfolio seeks to minimise 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.
- The Council maintains a Standard and Poor's Credit Ratings of A-1 short term, and A+ long term (Positive Outlook).
- 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 2009/10 budgeted levels.

Financial Ratio	Actual 2007/08	Budget 2009/10
Net Debt as a percentage of income	144.48%	212%
Net interest as a percentage of income	9.4%	12%
Net Interest as a percentage of rates	17.7%	20%

### Interest Rates

9. The Reserve Bank of New Zealand stuck to its strategy of not changing its Official Cash rate set at 2.50% on 10 September 2009. Financial market economists now expect this to be the continuing theme, with no change expected on 30 October 2009, the next Official Cash Rate review date. Short term interest rates have increased slightly over the last month with 90 day bank bills currently setting at about 2.78%. If the Reserve Banks position is maintained 90 day bank bills should remain under 3.50% through to June 2010. The risk is that this strategy re-ignites another property boom cycle, which may well have disastrous consequences in the medium term.
10. Longer term wholesale swap rates have been in slight decline over the month with the 10 year base interest rate currently at approximated 5.91%. The financial market had, perhaps, been too quick in interpreting economic good news in off-shore markets. This feeling of optimism has moderated to some extent over the last month, resulting in our local long term interest rates settling below 6.0%.
11. The cost of credit has decreased significantly over the past two months and longer term debt is beginning to be received positively in the market. This is a huge change from the situation only six months ago where wholesale money was not available beyond a three year duration and retail bonds for five years attracted a cost of credit of 2.0% over the wholesale base rate. Five year wholesale money comes with a current cost of approximately 1.15% to 1.25% with examples of small debt issues achieving a cost of funds rate lower still. Waitakere City Council, with the approval of the Auckland Transition Agency successfully issued \$150 million of debt with a cost of credit of 1.20%. This was used to repay bank facilities and to on lend to North Shore City Council \$50 million on exactly the same terms.
12. The Regional co-operation exhibited by both Manukau City Council and Waitakere City Council over the past two months is the expected future of Treasury strategy over the transition period. Instead of the councils within the region transacting in small and uncoordinated debt issues, the current and future approach will be large debt issues for longer terms by one council that are on lent to other councils within the region on the same terms as borrowed. Once the councils are consolidated, the amounts on lent are eliminated. This approach should also reduce the duration risks already identified, that if not managed would almost certainly result in liquidity problems for the Auckland Council.

### STRATEGIC CONTEXT

13. 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

14. 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

15. 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

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

## AUCKLAND COUNCIL TRANSITION ISSUES

17. 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 STATUS OF SPECIAL FUNDS

### EXECUTIVE SUMMARY

A32

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 August 2009, as attached at page A32.

### 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.

A33-A34

3. Description of the nature of each special fund item is attached at pages A33 to A34.

### DECISION MAKING

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

### Issues

5. It was resolved at the Finance and Operational Performance Committee meeting held on Monday, 7 September 2009 that a report be brought back to the Committee on the Special Funds and all other Council loans, outlining the background of the funds and the present distribution of the funds, for further consideration.
6. The status of the Land Subdivision Reserve fund is reported separately within the Finance and Operational Performance Committee meeting this month.
7. Work is currently in progress on the analyses of the distribution of other restricted and non-restricted funds as well as the status of the community loans. This will be reported to the Committee next month.

### STRATEGIC CONTEXT

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

### 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.

### AUCKLAND COUNCIL TRANSITION ISSUES

12. 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.



## 10 DRAFT ANNUAL REPORT 2008/2009 STATUS REPORT

### EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee on the progress of the Annual Report 2008/2009 and audit.

### RECOMMENDATIONS

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

1. **Receive** the draft Annual Report 2008/2009 status report.
2. **Agree** in principle that subject to an unqualified audit opinion, the draft Annual Report for 2008/2009 be considered and adopted at the meeting of Council scheduled for 28 October 2009.

### BACKGROUND

1. The preparation of the Annual Report is a statutory requirement of the Local Government Act 2002. The Annual Report must be adopted no later than four months after the end of the financial year ended 30 June 2009.
2. The draft Annual Report together with commentary on the financial performance for the year ended 30 June 2009 will be circulated under separate cover prior to the Finance and Operational Performance Committee meeting on 12 October 2009.

### DECISION MAKING

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

### Issues

4. The preparation of the Annual Report 2007/2008 has been substantially completed. The audit is in progress and final amendments and editing are being agreed with Audit New Zealand. It is expected that confirmation of a clear audit opinion will be given prior to this meeting. The final audited annual report will be circulated to the Councillors prior to Council meeting, scheduled for 28 October 2009.

### STRATEGIC CONTEXT

5. The Annual Report completes the planning and reporting cycle for the year ended 30 June 2009. The report contains the actual results of the financial performance against the approved Annual Plan budgets and also the non financial performance measures.

### 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.



## 11 LAND SUBDIVISION RESERVE FUND

### GLOSSARY

Land Subdivision Reserve Fund.	(LSRF)
Long Term Council Community Plan	(LTCCP)

### EXECUTIVE SUMMARY

The Land Subdivision Reserve Fund (LSRF) consists of financial contributions received from sub dividers. Historically, Council would receive approximately \$3 million a year from this source. The current balance of the fund is \$14.5 million as at 30 June 2009.

The historical records indicate that this balance is due to reserve allocations not being accounted for correctly against past projects. The recommendation below seeks agreement to reduce this fund to account for these past projects.

There will be no effect on the Statement of Service Performance, as this will simply be a correction against equity. This entry will provide a true account of the land subdivision revenue status for transitional purposes.

### RECOMMENDATIONS

It is recommended that the Financial & Operational Performance Committee resolve to:

1. **Receive** the Land Subdivision Reserve Fund report.
2. **Agree** to reduce the current balance of the Land Subdivision Reserve Fund by \$10,817,282 to correct the accounting treatment for past Parks projects which meet the criteria of expenditure from this Fund.

### BACKGROUND

1. This report has been written to provide some direction on how these funds could transition into the Auckland Council. These funds do not represent cash amounts specifically set aside for them. They are treated as part of Council's total funding equation, which means that generally if they are required to be physically spent, most cases this is carried out by increasing Council's debt.

2. The LSRF consists of funds that are amounts collected from sub-dividers who are discharging their obligations under the Local Government Act and the Resource Management Act. Financial contributions are charged through the Development Contributions and Financial Contributions Policy at up to 6% of the value of the subdivision and in all cases the 6% maximum is charged.
3. The current Development Contributions Policy allows financial contributions for reserve land requirements and development contributions for improvements. However, prior to this, under previous policies financial contributions have been collected for both land requirements and improvements.
4. The Local Government Act 1974 Section 228 describes what financial contributions can be spent on and this covers land for reserves, improvements to that land, land for cultural and community purposes, and other circumstances. It also describes how the contributions may be spent outside of that district. The draft Parks Strategy gives a guideline of 60% local and 40% City-wide.

## DECISION MAKING

### Issues

#### Fund Amounts and Expenditure Requirements

- A35
5. The LSRF had a closing balance of \$14.5 million, as at 30 June 2009. Up until 2006 expenditure of financial contributions generally track well against the amounts collected. However, since then there has been some divergence which has given rise to the significant balance currently outstanding. The discrepancy between the amounts collected and the amounts spent can be seen in the graph attached at page A35.
  6. The question exists as to whether these receipts have been properly accounted for or whether there is an obligation on Council, through the LTCCP, to acquire and develop reserve land for which this money is intended. A review has been carried out on previous Parks expenditure, as well as future requirements. An analysis of past expenditure shows a number of projects which fit the criteria of s288 of the Local Government Act 1974 and could have (and should have) been funded through the LSRF. Future Parks' projects in the LTCCP are generally triggered by future developments rather than past developments. These developments will bring in their own contribution revenue source.
  7. It is therefore proposed that the current balance in the LSRF be mitigated against past projects to reflect the correction of accounting treatment. If approved, this will take effect as from the next reporting round, as it is too late to incorporate into the current financial statements.
- A36
8. A list of those past projects which meet the criteria of LSRF are attached at page A36. It is therefore proposed that the historical LSRF amount be reduced to account for these projects. The remaining balance will be approximately \$3.7 million. This, together with an expected value of \$2 million for incoming receipts will put the gross value at the end of 30 June 2010 at approximately \$5.7 million.
  9. Future land purchases (LSRF funding for the next three years) are as follows:
    - (i) **Crown Lynn:** \$ 6.84 million for the land purchase. Initially this will be loan funded whilst commercial properties are still there. Once the commercial buildings are removed, LSRF can be utilised. This park is primarily for anticipated growth and therefore will be funded by future neighbouring development financial contributions.

- (ii) **NorSGA Open Space:** This purchase is in part included in the Infrastructure Funding Agreement. However, again this should be funded by future financial contributions as its creation is to fulfil levels of service anticipating future growth.
  - (iii) **Bethels Marae:** This could be funded through LSRF if required.
  - (iv) **Oratia Purchase:** Also funded by LSRF.
10. As noted above, the reduction in the LSRF will still leave enough to cover the requirements that should be attributed to current subdivision receipts, with the remaining purchases to be funded from future developments.

### Options Identified

11. From the above analysis and review, it has been shown that there has been a lapse in accounting for this Fund in recent years and that correction is now required. By carrying out this correction, the correct position will be transferred to the Auckland Council.
12. Options include eliminating all of the balance or some of the balance. Historical projects which meet the criteria of the LSRF can account for the balance of the fund, excluding amounts received in the current year. The future projects in the LTCCP tagged for funding from the LSRF are able to meet their funding requirements from the contributions of future sub-dividers. Therefore, there is no requirement to retain sub-division funds collected historically to fund future projects.

### Assessment of Options

#### Preferred Option

##### **Land Subdivision Reserve Fund.**

13. The preferred option is to carry out an accounting entry which will move the amount of the Reserve which is linked to previous projects through to equity. There will be no impact on the Operating Statement.

### STRATEGIC CONTEXT

14. The Council uses Special Funds, as provided for in the Long Term Council Community Plan and Annual Plan.

### CONSULTATION

15. An internal consultation has been carried out with the Parks section.

### RESOURCES

16. This report has no resource implications.

### IMPLEMENTATION ISSUES

17. There are no implementation issues in carrying out the actions recommended in this report.

## 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:** Stephen Drumm, Associate Director of Finance.



## 12 AUCKLAND TRANSITION COSTS AUGUST AND SEPTEMBER 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 August and September 2009 period.

### RECOMMENDATION

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

**Receive** the Auckland Transition Costs August and September 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.”

2. 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

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

### Costs to date

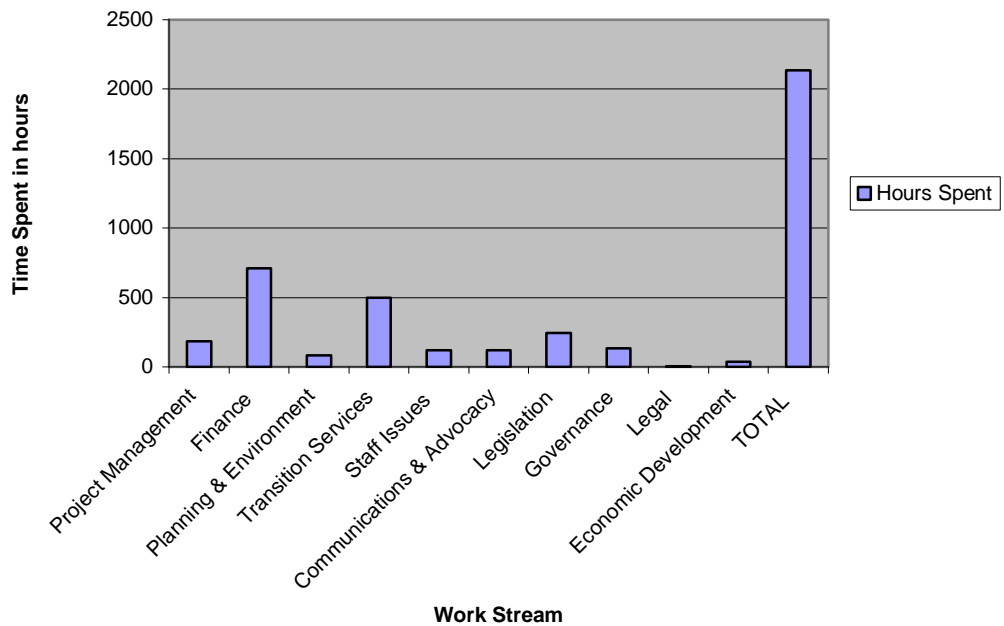
4. As at 31 September 2009, a total of \$169, 749.76 had been incurred on Internal Transition Expenditure, inclusive of Community Advocacy Expenditure. Itemised expenditure figures are detailed below:

Expense Type	Purchase order text	Value
<b>COUNCIL</b>		
Agency Staff Contrc	Drake Temp - Transition Support	3,263.66
Professional Service	Strategic Advice to CEO	14,525.00
Professional Service	Local Government Auckland Council Bill - Presentation Preparation	3,290.00
Professional Service	Local Government Auckland Council Bill - Strategic Policy Advice	12,600.00
Legal Advice	Local Government Auckland Council Bill - Legal Advice	1,687.00
Professional Service	AS09001A Consent Services Business Sup	8,360.00
Stationery	Backfill - Cheryl Bowie	168.01
Computer Software	Adobe Illustrator Licence for Owena S.	1,116.00
Periodicals	Select Cttee News 3 mths subscription	1,000.00
Professional Service	400 Super City Interviews	7,235.00
		<b>53,244.67</b>
<b>COMMUNITY</b>		
Grant Sponsorship	Community Coalition for Auckland	100.00
Legal Advice	Local Government Auckland Council Bill - Legal Advice for Te Taumata Runanga Submission	5,298.00
<b>Accounting Adjustments</b>		
Printing	Accrual Credit - Expensed to 08/09 but no purchase concluded	-10,000.00
Professional Service	Accrual Credit for Stadium Hire - cost not yet posted	-10,000.00
		<b>-20,000.00</b>
<b>Total expense 2009/2010 Financial Year to 30 September 2009</b>		<b>38,642.67</b>
<b>Summary to Date</b>		
<b>Council</b>	Previous Report to 30 June	94397.09
	1st Quarter 09/10	33,244.67
	<b>Total</b>	<b>127,641.76</b>
<b>Community</b>	to 30 June	36710
	1st Quarter 09/10	5,398.00
	<b>Total</b>	<b>42,108.00</b>
<b>Total</b>		<b>169,749.76</b>

**Staff Time Reporting**

5. 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.
6. Council officers' time spent on transition work for the month of August 2009 was as follows in Chart 1:

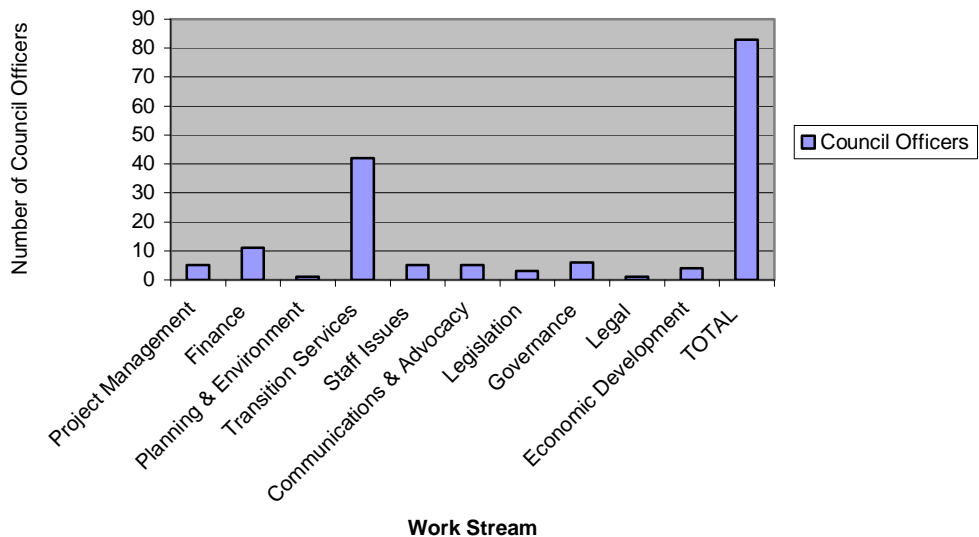
**Time Spent on Transition Project - August 2009**



**Chart 1 - Time spent on Transition Project - August 2009**

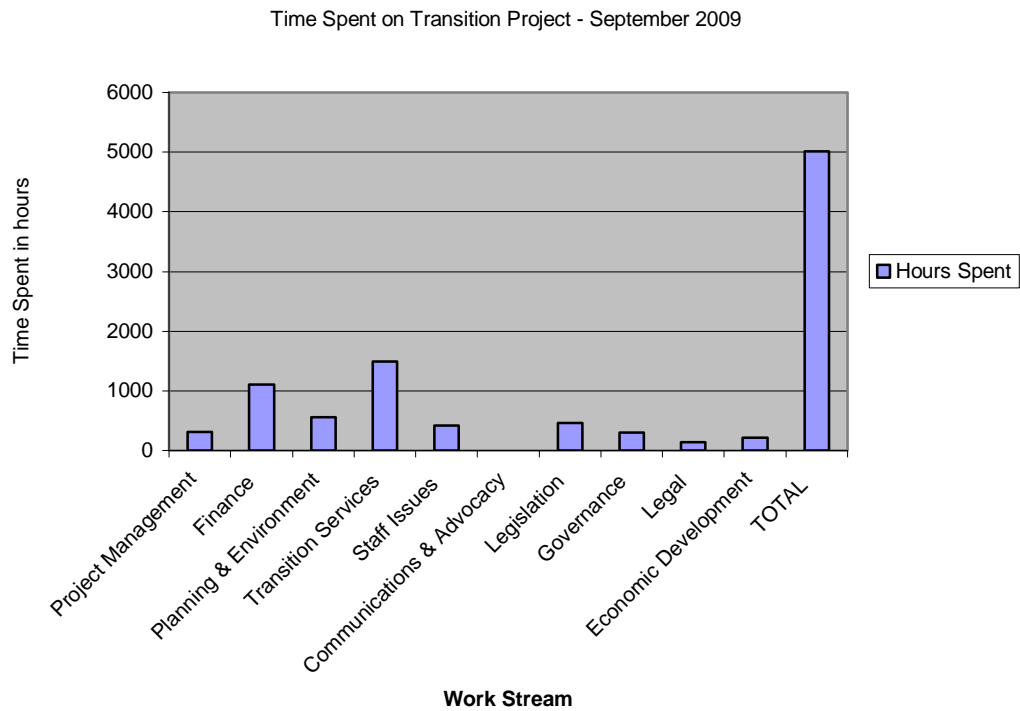
7. The number of Council officers involved in transition work for the month of August 2009 was as follows in Chart 2:

**Number of Council Officers involved in Transition Project - August 2009**



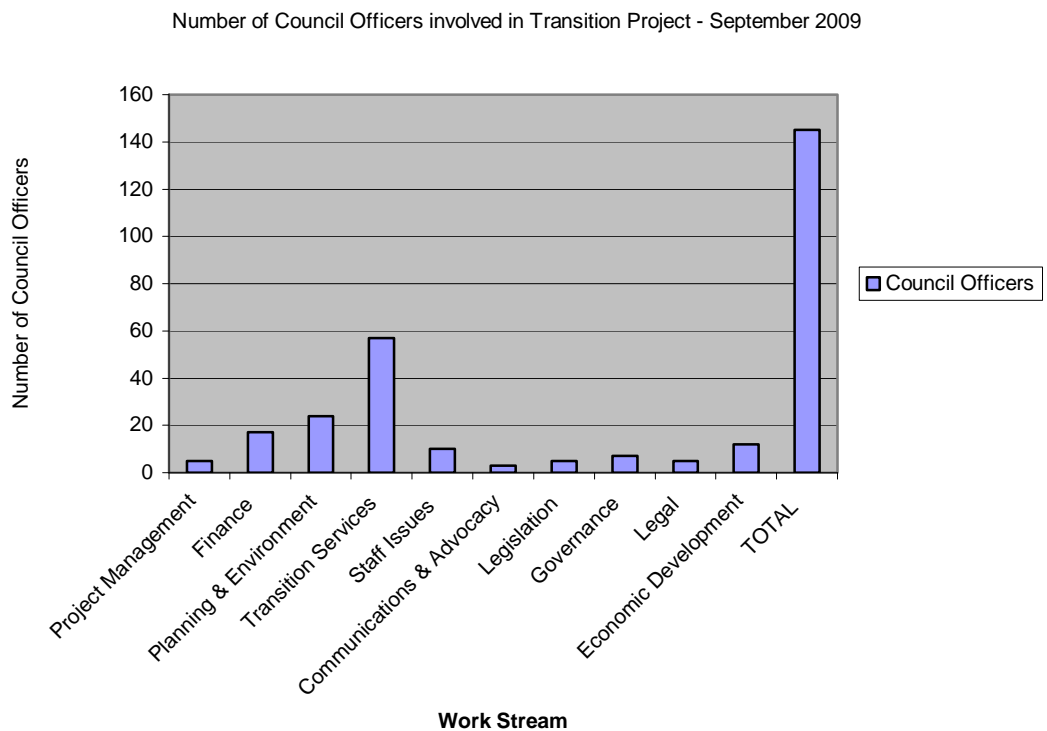
**Chart 2 - Number of Council Officers Involved in Transition Project - August 2009**

8. Council officers time spent on transition work for the month of September 2009 was as follows in Chart 3:



**Chart 3 - Time spent on Transition Project - September 2009**

9. The number of Council officers involved in transition work for the month of September 2009 was as follows in Chart 4:



**Chart 4 - Number of Council Officers Involved in Transition Project - September 2009**

## STRATEGIC CONTEXT

10. 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

11. There is no consultation required for this report.

## RESOURCES

12. 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.
13. 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

14. There are no implementation issues arising from 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:** Owena Schuster, Project Manager: Waitakere Transition.



## **PART E - GENERAL**

### **13 WAITAKERE CITIZENS ADVICE BUREAU INCORPORATED ANNUAL REPORT 2008/2009**

#### **GLOSSARY**

Waitakere Citizens Advice Bureau Incorporated	(WaiCAB)
Citizens Advice Bureau	(CAB)
Citizens Advice Bureaux	(CABx)

#### **EXECUTIVE SUMMARY**

This report is provided in accordance with the requirements of the annual funding agreement between Waitakere Citizens Advice Bureau Incorporated (WaiCAB) and the Council.

All targets were met by WaiCAB, apart from the creation of a digital online presence. The total number of enquiries responded to by the four Citizens Advice Bureaux (CABx) for 2008/2009 was 73,778, an increase of 4,165 over the previous year. This increase of 6.0 % in enquiries for 2008/2009 follows a 10 % increase in enquiries in the previous year.

Resource issues have been identified by the WaiCAB Management Committee, both in respect to time demands and financial support.

#### **RECOMMENDATION**

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

**Receive** the Waitakere Citizens Advice Bureau Incorporated Annual Report 2008/2009.

#### **BACKGROUND**

1. The Council has a longstanding partnership with WaiCAB which, up to 2009, has been reflected in three year service agreements. A two year service agreement for 2009/2010 and 2010/2011 between Council and WaiCAB is now in place. Annual funding is provided through the Annual Plan process. WaiCAB operates four CABx in Waitakere, located at Henderson, New Lynn, Glen Eden and Massey. All CABx are co-situated with library premises.
2. All Citizens Advice Bureau (CAB) services are provided free of charge to the public.
3. WaiCAB staff comprises ten paid employees, including managers at each CAB and a pool of 105 volunteers.
4. The WaiCAB Board of Governors consists of seven elected volunteer representatives and two Community Board Members.

#### **DECISION MAKING**

##### **Issues**

5. This report is provided for information only and requires no decision making.
6. Council increased funding to WaiCAB in the Annual Plan 2008/2009 in response to a rise in the Consumer Price Index. Performance targets for 2008/2009 are attached at pages A37 to A40.

7. The summary of CAB enquiries for 2008/2009 is shown below:

		Actual	Target
July 2008 - June 2009	Total number of enquiries	73,778	66,132
July 2007 - June 2008	Total number of enquiries	69,613	60,034

Increase of 4,165 enquiries in 2008/2009	6.0 %
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8. Enquiries by Category

	Category Description	2007/2008 Total	2008/2009 Total	% Change
1	Education - schools, classes and courses.	1,564	1,503	-3.9%
2	Employment and consumer issues.	2,649	2,265	-14.5%
3	Budgeting and general financial services.	3,497	3,420	-2.2%
4	Health and welfare including food parcels.	3,110	3,258	4.8%
5	Accommodation and housing.	2,322	2,178	-6.2%
6	Legal services, lawyers, courts, etc.	3,981	3,694	-7.2%
7	JP services	19,874	22,520	13.3%
8	CAB facilities, Waitakere City Council and neighbourhood problems, local social and sports clubs.	21,826	24,357	11.6%
9	Relationships and counselling.	3,725	3,729	0.1%
10	Immigration	3,766	4,261	13.1%
11	Motor vehicles	3,299	2,593	-21.4%
	<b>TOTAL</b>	<b>69,613</b>	<b>73,778</b>	

9. CAB staff note that on average client problems are now requiring more time to deal with because of their increased complexity.
10. The summary of enquiries is shown below:

Branch	Enquiries 2007/2008	Enquiries 2008/2009	% Change
Glen Eden	10,014	11,069	10.5%
Henderson	19,188	20,168	5.0%
Massey	9,809	11,327	15.0%
New Lynn	30,602	31,214	2.0%
Total	69,613	73,778	6.0%

11. WaiCAB managers and volunteers are undergoing training in CABNET, the new national digital database that will be activated early in 2010. Arrangements have been made for volunteers to use Waitakere Libraries' Learning Centres for the training and WaiCAB Information Officers are currently verifying, updating and transferring local community records for incorporation into CABNET.

12. 69% of clients come from a non-European background demonstrating that the CABx are actively supporting the ethnic communities in Waitakere. At least 76% of clients reside in the Waitakere area showing that the CABx are primarily a local community service and responding to local demand. 46% of clients in June 2008 were new users of CABx services showing that the CABx are continuing to attract new users to its services. 48% of clients were under the age of 40 years highlighting that CABx services are relevant to the younger community in Waitakere.

## STRATEGIC CONTEXT

13. The strategic basis of this relationship lies in Council's principles around Strong Communities, Active Democracy, and Lifelong Learning. The provision of information to residents and the role of the CABx contribute to these principles in the following ways:
  - providing access to good quality information;
  - having informed residents and helping to create a 'Smart City' with lifelong learning opportunities;
  - increasing the participation in local affairs and community life;
  - the increasing importance of technology and access to information; and
  - assisting people to find help in dealing with issues in their lives.
14. The provision of the CABx service in Waitakere contributes to the community outcomes of all aspects of the Quadruple Bottom Line in the areas of:
  - **Social:** The CABx contributes to an informed community and the ability for citizens to participate in society and its governance structures. The CABx large volunteer base enables social contribution and linkages which otherwise would not be as easily facilitated.
  - **Economic:** The CABx provide assistance to citizens in financial difficulty, and links to agencies, which contributes to individuals becoming responsible consumers, thus benefiting the individual, their families and businesses. Individuals and small businesses benefit from knowledge in consumer rights and law.
  - **Environment:** The CABx act as a first point of contact and referral for information around sustainable practice, and refer clients to appropriate environmental agencies and Government departments, including referrals to the Council.
  - **Cultural:** The CABx are community based and provide settler information and outreach services. Where English is a barrier, the face to face service is preferred by many migrants who are assisted in all areas of settlement. The CABx are better positioned than Local Government and Government Departments, and are not bound by complex lines of communication. CABx act as an interface between the community and government agencies, and as a means to enable cultures to optimise participation in the community.

## CONSULTATION

15. This report accurately reflects the Annual Report submitted by WaiCAB as part of their funding requirement. Consultation with WaiCAB regarding the content of this report has been carried out. No further consultation is required for the presentation or compilation of this report.

## RESOURCES

16. The total amount of funding received by WaiCAB from the Council for the 2008/2009 financial year was \$390,000. A two year service agreement for 2009/2010 and 2010/2011 between Council and WaiCAB is now in place. In 2008/2009 WaiCAB received an additional \$20,920 in grants, including allocations from the New Zealand Lotteries Grants Board, the Community Organisations Grants Scheme and the West Auckland Adult Education Grants Scheme.

## IMPLEMENTATION ISSUES

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

## AUCKLAND 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:** Brendon Hickey: Migrant Information Coordinator.



## 14 ZEAL EDUCATION TRUST END OF YEAR PERFORMANCE 2008/2009

### GLOSSARY

Finance and Operational Performance Committee	(FOP)
ZEAL Education Trust	(ZEAL)
Henderson Youth Facility	(Global Café)
Facility Management and Funding Agreement	(the Agreement)

### EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee (FOP) on the end of year performance of the ZEAL Education Trust (ZEAL) at the Henderson Youth Facility (the Global Café) and to agree to the performance measures set for ZEAL for 2009/2010.

The Global Café was opened on 26 September 2008, over the past year has hosted 82 concerts and events, and is regarded as one of the best 'all ages' venues in Auckland. Concerts vary in genre from hard rock through to acoustic and cater for different groups of youth, making it an all inclusive facility for youth of all ages and ethnicities.

A large number of volunteers are actively involved with Global Café, learning valuable skills from industry professionals. There is growing evidence that the Global Café is making a positive impact on the youth of Waitakere.

## RECOMMENDATIONS

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

1. **Receive** the ZEAL Education Trust End of Year Performance 2008/2009 report.
2. **Agree** to the recommended performance measures as part of the Facility Management and Funding Agreement between ZEAL Education Trust and Waitakere City Council.

## **BACKGROUND**

1. In 2006 Council committed to retro fitting the former Henderson Library located at Alderman Drive, Henderson, to develop a youth facility managed by a service provider.
2. Council officers carried out a process, similar to public tender, to find a suitable service provider. Proposals were measured against experience in the operation of music/recording studios, track record and management of a facility, methodology for delivery and financial support. Following the submission of proposals, organisations were required to do a formal presentation summarising their proposal, followed by an interview session.
3. Subsequently ZEAL was selected as the preferred supplier and the Council entered into a initial Service Level Agreement whilst the building was being constructed, with the general objectives of having input into the design, accessing suitable funds for the fit out of the building and networking with existing users.
4. The Global Café was officially opened on 26 September 2008 and caters for youth aged between 13 and 25 with a focus on music, performance and art.
5. Upon completion of the Global Cafe a Facility Management and Funding Agreement (the Agreement) was negotiated between the Council and ZEAL for the running of Global Café. The Agreement includes items such as permitted use, objectives, performance measures and responsibilities in regards to asset maintenance and renewal.

## **DECISION MAKING**

### **Issues**

#### **Performance Measures**

A43-A46

6. Given this is the first facility of its type in Waitakere the performance measures in the first year of the Agreement were based on gathering baseline information on who is using Global Café and how Global Cafe is run. There were no specific targets in terms of the numbers of events to be held or the number of youth using Global Café. The baseline information collected has formed the basis of the performance measures and targets for the 2009/2010 Agreement as detailed in pages attached at A43 to A46.
7. ZEAL and Council officers continue to work closely together on aspects of operation to ensure both parties are happy with progress and the direction Global Café is taking.

### Staffing

8. ZEAL employ three staff, one full time manager responsible for human resources, networking, report to Council and the overall management of the facility. One person responsible for Youth Advocacy/Café Management for 35 hours a week and one person responsible for Youth Advocacy/Arts Administrator and bookings for 35 hours per week.
9. The Global Café is open for business for 84 hours per week. This puts a lot of pressure on these staff and at this stage places some restriction on extending the opening hours unless more staffing hours are secured.
10. ZEAL have secured funding for part time positions through external funding agencies or covered by revenue for specific areas of running Global Café. This does assist but given the nature of the funding is not guaranteed long term.

### Business Hours

11. Global Café is open and staffed from 8am till 10pm Monday – Saturday and when required on Sundays. During the day and in the evenings Global Café is open for groups using a specific room/area rather than for youth to simply hang out.
12. These groups include alternative education groups, schools, Unitec, youth groups and bands who are using the rehearsal rooms/performance studio/arts studio and media rooms. In total the Global café is open to the youth approximately 84 hours a week. See attachment at page A47 for a calendar of a normal business week.

A47

### Youth Events and Programmes

13. Since opening in September 2008, 82 events have been held at Global Café. Sixty two were run directly by ZEAL while a further 20 were by other organisations using Global Café as a venue, resulting in an average of two to three events/workshops for the youth of Waitakere to enjoy each week. The events ZEAL run and those provided by other organisations vary in genre of music and type of workshops and attract different groups of youth to each one.

TYPE OF EVENT:	NUMBER OF EVENTS
<b><u>ZEAL Events/workshops</u></b>	
Dance Parties	3
Rock Events / Metal Events	12
Indie Events / Acoustic	4
Hip Hop Events	3
Hardcore Event	1
Mixed (MASH Events)	2
Social Justice	2
PS3 Competitions	2
Youth Training	5
Hip Hop MC'ing	10
Drumming	3
Disabled Youth Art	15
<b><u>Private Hire events/workshops</u></b>	
Generation X, Unitec, etc	20
<b>TOTAL:</b>	<b>82</b>

### Statistical Collection

14. Since opening 13,938 youth have visited the Global Café through organised events, booking rooms or hanging out after school. As this was the first year Global Café was open the performance measures were based around data collection. ZEAL and Council officers have taken the information collected and used it to update the performance measures for 2009/2010.

### Marketing and Promotion

15. ZEAL has increased marketing over the last three months through use of the internet, using online gig guides, and ZEAL's own website to continue to update youth on what events are going to be held at the Global Café. ZEAL has set up accounts with the main social networking sites on the internet which is updated regularly.
16. ZEAL also markets events through use of flyers and posters in schools and at the Global Cafe. ZEAL has worked closely with schools and several have agreed that ZEAL could have their own Global Cafe notice board.
17. All publicity must include both Council's logo, Global Café and ZEAL's logo. Please refer to attachment at page A48 for an example of publicity.

A48

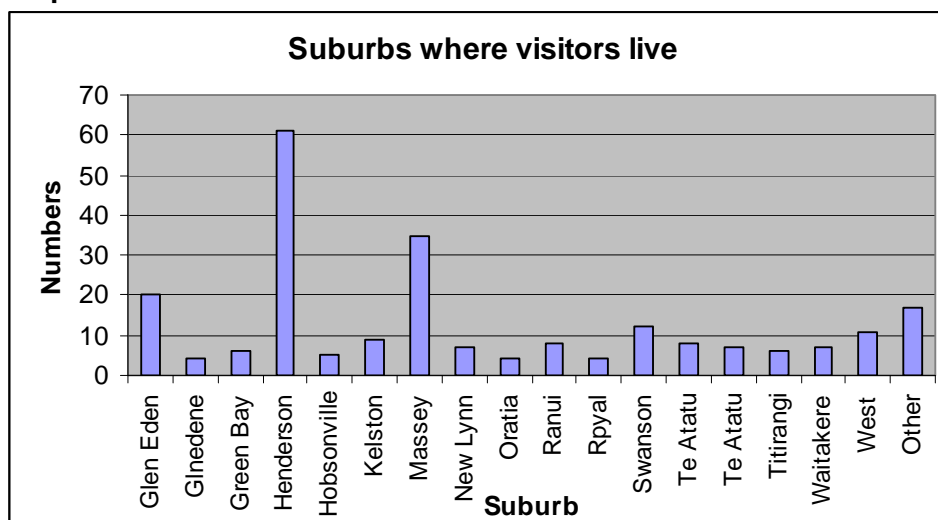
### Inclusiveness

18. The variety of events and workshops ZEAL and hirers of the centre provide ensures that there is something of interest for all ages, ethnicities and tastes in music. The "hang out" time always sees a wide range young people using the centre.

### Customer Satisfaction Survey

19. TouchPoll recently completed a survey to find out the awareness of Global Café and the satisfaction of users of Global Café and the activities provided. The TouchPoll counter top system was located at Global Café from 27 May to 7 June 2009 and TouchPoll interviewers conducted surveys at various schools (Massey High School, Kelston Girls High School and Henderson High School) during July and August 2009. TouchPoll received 226 valid responses.
20. 37% of those surveyed lived in Henderson, followed by Massey and then Glen Eden.

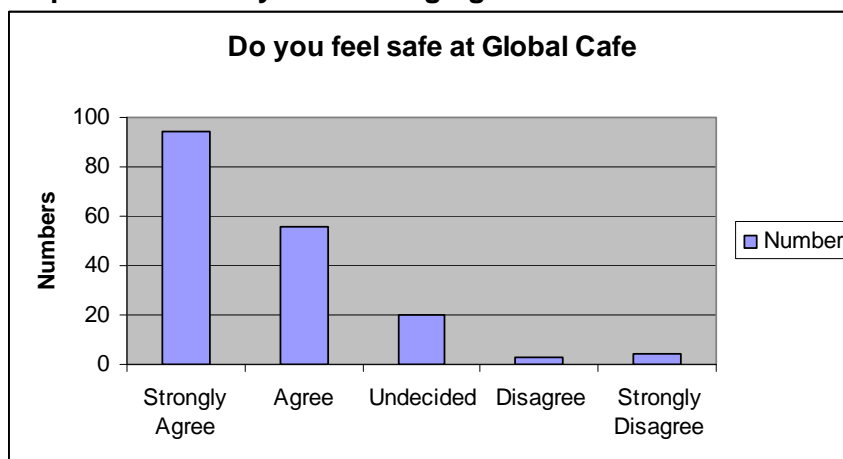
**Graph One- Suburbs where visitors live**



A44

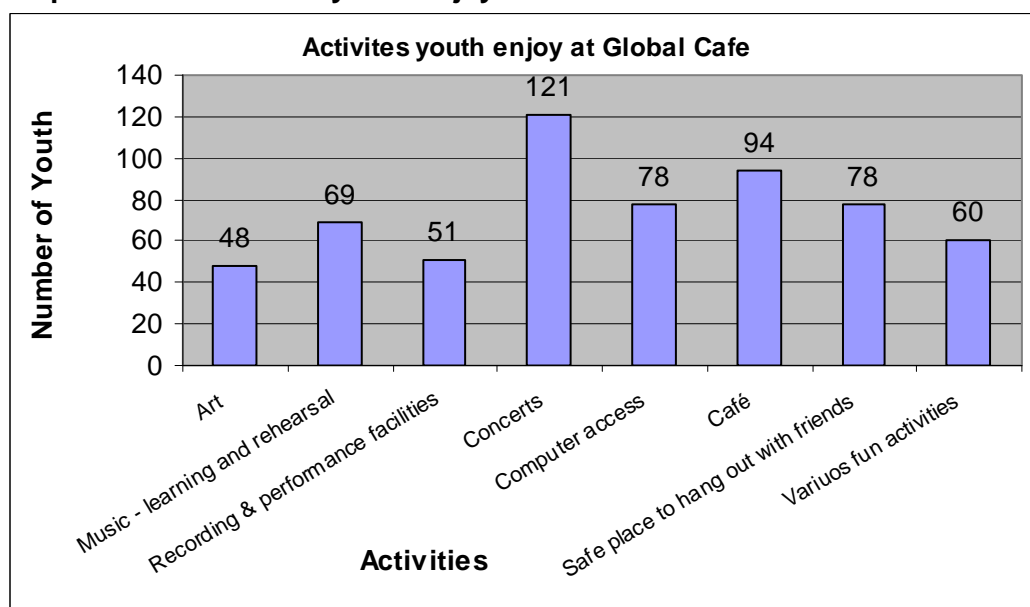
21. 70% of those surveyed at the local schools said that they were aware of the Global Café whether they had been there or not. These results show that ZEAL may need to do more advertising to increase youth awareness of Global Café and increase the suburbs they advertise in. Measures on awareness have been included in the 2009/2010 Performance Measures; please refer to Marketing and Promotion at page A44.
22. Council and ZEAL want Global Café to be a safe place for youth to gather with their friends. Through the survey it has been discovered that the majority of the youth feel safe and a sense of belonging at the Global Café.

**Graph Two – Safety and Belonging at the Global Café.**



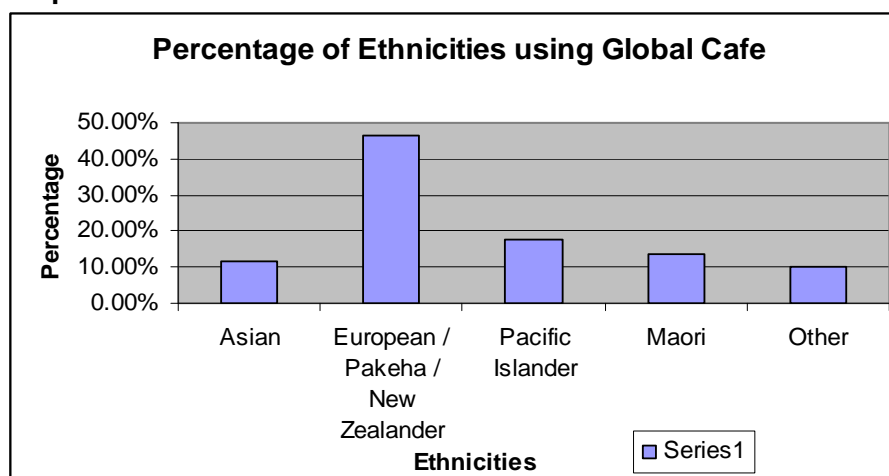
23. 44% of respondents answered their favourite activity at Global Café was hanging out with friends in a safe place. Another question in the survey asked the youth what their favourite time was to go to Global Café, which is also reflected on the below graph, with respondents stating responding that Friday night was the most popular time as concerts were usually on.

**Graph Three- Activities youth enjoy at Global Café.**



24. Through the survey it can be confirmed that Global Café is attracting all ages, ethnicities and genders, in line with the cities demographics. The TouchPoll survey showed that 52% of those attending were male, with the majority of youth using Global Café aged between 13 to 18 years of age.

Graph Four – Ethnicities that use Global Café



**Added Value**

25. In addition to the number of visitors and bands using the Global Café, there is growing evidence of the positive impact that ZEAL and the Global Café is having on individual youth. ZEAL places a large emphasis on youth development and were possible provides opportunities for youth to be directly involved in running the facility and activities that take place.
26. ZEAL continues to have a large volunteer base that assists with running concerts and activities, working in the café, on the door, event management, sound, engineering and cleaning. In return volunteers are given the opportunity to learn directly from industry professionals. ZEAL currently has one Volunteer Manager who works eight hours a week and is developing a new volunteer system so that volunteers can log their hours of volunteering and ZEAL will be able to report on the progress of the volunteer's achievements and successes as well as being able to give a quality reference when needed.
27. The Global Café is providing Waitakere youth with opportunities to showcase their talents and provide opportunities to earn money from their skills. An example of this the Art Wall in the main foyer. Artists are able to showcase their artwork for a period of time and sell their artworks to the public.
28. ZEAL has accepted nine students who are doing their Gateway placement at the Global Café. Prior to Global Café opening, youth would not be able to experience a real music industry environment in Waitakere. Five Gateway students are learning event management by working with the Manager of Global Café and helping with booking of bands/gigs as well as how to run a gig. Two of the students are undertaking a journalism approach to their Gateway experience and are in charge of writing the monthly newsletter to Council which is designed to keep non youth stakeholders informed on what events are at Global Café. Another student reports on Global Café's events/gigs and submits them online and in music magazines. Two students are focusing on hospitality and are learning how to run the café during events, money handling and front of house hospitality.

### Overall Performance

29. ZEAL has been extremely busy for the past year and Council officers are extremely pleased with the progress to date. ZEAL did a fantastic job in getting the facility up and running in such a short period of time and to make sure the events/workshops are well utilised by the youth.

### STRATEGIC CONTEXT

30. The Council's Social Strategy, Community Facility Plan, Youth Recreation Needs Assessment and the Funding Policy guide the provision of facilities and activities to ensure that they are available to all youth and are in line with Council's strategic priorities and the community outcomes. The Council recognises that the facilities and activities provided by ZEAL make a valuable contribution to the community outcomes and the strategic outcomes pursued by the Council.
31. In 2005, Waitakere identified a set of community outcomes for the community of Waitakere as required in the Local Government Act 2002. In particular, the community outcomes contributed to by the Global Café are Strong Communities, Urban and Rural Villages and Toiora (Arts).
32. Waitakere has recently adopted its new strategic framework of six core strategies. Whilst the Global Cafe can be seen to deliver on all the strategies, the foremost are the Social and Cultural Wellbeing strategic directions. The activities provided by ZEAL deliver on the youth based priorities.

### CONSULTATION

33. Consultation was also undertaken with Council officers and ZEAL staff in regards to the facility and activities run from Global Café.
34. ZEAL has completed consultation, with youth who use Global Café, utilising the TouchPoll Survey.

### RESOURCES

35. An operational fund of \$142,000 has been allocated as a operational fund for the running of the Global Café in the Annual Plan 2009/20190.

### IMPLEMENTATION ISSUES

36. There are no implementation issues with this report

### AUCKLAND COUNCIL TRANSITION ISSUES

37. 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, Council Grants Officer.



15 **ORATIA UNITED ASSOCIATION FOOTBALL CLUB REQUEST FOR NEW LOAN GUARANTEE**

**GLOSSARY**

Oratia United Association Football Club	(The Club)
Auckland Savings Bank	(ASB)

**EXECUTIVE SUMMARY**

The Oratia United Association Football Club (The Club) has requested that the Councils existing loan guarantee of \$45,000 be revised and that a new guarantee be provided so The Club can secure additional borrowing from the Auckland Savings Bank (ASB). The club has borrowings of approximately \$7,500 and wishes to seek additional finance from their bank to a limit of \$19,500. A new guarantee is required as the Councils liability is limited to the current balance of the clubs borrowings. The request is to assist with their cashflow requirements as a result of their major renovation project completed last year.

**RECOMMENDATIONS**

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

1. **Receive** the Oratia United Football Association Club Loan Request for New Loan Guarantee report.
2. **Agree** that a revised loan guarantee of up to \$19,500 be entered into between the Council and the Auckland Savings Bank to secure funding for the Oratia United Football Association Club.

**BACKGROUND**

1. The Council has an existing loan guarantee with The Club of \$45,000. This was approved in 1995. The Club has met all financial obligations. The Club has an outstanding liability of approximately \$7,500 to the ASB. The Club's facilities are located on Parrs Park, which is Council-owned land.

**DECISION MAKING**

**Issues**

**Request for New Loan Guarantee**

2. A request for a new loan guarantee has been received from the club. During 2008 the club completed a major renovation project at a cost of \$144,000. During the project the extent of the deterioration of the building became evident and costs escalated as rotting framing, cladding, plumbing and electrical problems were uncovered.
3. The additional costs impacted on the clubs cashflow and the club is seeking to increase its borrowings from the ASB to a limit of \$19,500. The ASB has requested that the borrowing again be supported by a Council guarantee. The Councils current guarantee would be replaced with a new guarantee with a limit of \$19,500. A new guarantee is required as the Councils liability for any loan default is limited to the lower sum of the borrowed funds outstanding.

4. The clubrooms are located on Council owned property and as such the club cannot provide adequate security to the ASB. The request for a Council guarantee is common practice amongst financial institutions for occupiers on Council property. The Club has met all repayments on their existing loan.

#### **Options Identified**

5. The Committee can either assist The Club by providing a loan guarantee as requested, or decline the request.

#### **Assessment of Options**

6. The revised loan guarantee will be secured over The Club's facilities and in case of default the Council will have access to those assets. The likelihood of default of The Club is considered low. If the Committee declines the request, it is unlikely that the ASB would provide additional funding, as the underlying ownership of The Club's assets are located on Council-owned land.

#### **Consideration of Community Views**

7. There is no requirement to consult on the matters contained within this report.

#### **Preferred Option**

8. In order for The Club to secure additional funding to meet its cashflow needs, it is recommended that the Committee approve their request for a new loan guarantee. All financial obligations have been met by The Club in their current loan arrangements.

#### **STRATEGIC CONTEXT**

9. In 2005, the Council identified a set of community outcomes for the community as required by 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 are seen to contribute to supporting the provision of a loan guarantee are Strong Communities, Toiora, Urban and Rural Villages.
10. The Council has recently adopted its new strategic framework of six strategies. The provision of a loan guarantee assists in the delivery of the Social Strategy by assisting community facility development. The loan guarantee also contributes to the strategic priorities for First Call for Children and Safe City.

#### **CONSULTATION**

11. There is no requirement to consult on this decision.

#### **RESOURCES**

12. There are no additional resources required for this approval apart from staff time to review and prepare documentation relation to the loan guarantee with the ASB.

#### **IMPLEMENTATION ISSUES**

13. The Club will be advised of the outcome of the Committee's decision and, if approved, will be required to submit documentation from the ASB for the Council to review and execute.

## AUCKLAND COUNCIL TRANSITION ISSUES

14. 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:** Andrew Pollock, Director: Finance.



## 16 HARBOURVIEW (ORANGIHINA) HERITAGE INTERPRETATION

### GLOSSARY

Harbourview Park (Orangihina)	(the Park)
Harbourview Park Special Fund	(the Fund)
Auckland Brick and Tile Company	(the Company)

### EXECUTIVE SUMMARY

The purpose of this report is to seek the Finance and Operational Performance Committee's approval for \$250,000 from the Harbourview Park Special Fund (the Fund) being made available in the 2009/2010 financial year for implementation of heritage site interpretation, refurbishment of the brick villa and an arts project in the next twelve months at Harbourview Park (Orangihina) (the Park).

The Park has connections to the history of both Pakeha and Maori settlement and this heritage is reflected in the landscape, archaeology and built heritage features. The features include World War Two gun emplacements, the site of the Auckland Brick and Tile Company (the Company), the brick villa and the site of McCormick's cottage. The Fund was established to provide for development of the Park including recognition and preservation of heritage aspects.

The Fund balance currently stands at \$1,016,984 (as at August 2009).

### RECOMMENDATIONS

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

1. **Receive** the Harbourview (Orangihina) Heritage Interpretation report.
2. **Agree**, subject to resolution 3 below, that \$250,000 of the Harbourview Park Special Fund be made available in the 2009/2010 financial year for the following works:
  - Interpretation of the Auckland Brick and Tile Company site in the amount of \$3,000;
  - Interpretation of McCormick's cottage in the amount of \$97,000;
  - Refurbishment of the brick villa in the amount of \$100,000; and

- Artworks in the amount of \$50,000.
3. **Note** that resolution 2 above is subject to approval of the Auckland Transition Agency.

## BACKGROUND

1. The Park is home to several heritage sites that are listed in the District Plan and are noted on the New Zealand Archaeological Association database.

### **Auckland Brick and Tile Company site**

2. Jack Diamond documented the remains of the Company site in 1978 and it was studied further by Simon Best in 1992. The Council commissioned Dave Pearson, heritage architect, to prepare a conservation plan for the site in 2003.
3. The Company purchased the land for their brickworks in 1884. Their material was on show at an industrial exhibition in 1885. However, the business was not a great success and ownership of the Company changed twice between its opening and 1906. The brickworks is on the west bank at the Whau River mouth, and commences about 20m north of the motorway bridge, with surface evidence of brickmaking activities over a distance of approximately 200 metres. The site has some artefacts from the works consisting of waste bricks, drain pipes, slag from the kiln, and portions of kiln floor built up with fused bricks. There are the remains of some of the original jetty posts still in position that would have been used in transporting the finished product to market.
4. The site has significance because it can inform visitors to the site and residents about how brickworks functioned in the 19<sup>th</sup> and 20<sup>th</sup> centuries. There are very few intact brickworks left in the Whau area and therefore a plaque should be created to inform visitors of its existence.

### **McCormick's Cottage**

5. McCormick's Cottage is listed in the Waitakere District Plan although it was destroyed by fire in September 2007. During 2008, the Council and the New Zealand Historic Places Trust embarked on a process to accurately record, sample and analyse material from the remains of McCormick's Cottage to verify statements about the building's previous use and construction in the conservation plan for the cottage. The techniques used include timber analysis, building material analysis and use of ground penetrating radar to establish the extent of the known curtilage. This work was conducted with all appropriate building and resource consents. In addition, Council obtained an authority to remove and record the remains of McCormick's cottage.
6. The conservation plan provided data on the ownership, origins of the house and its construction techniques and made evaluative statements about its heritage values. Henry McCormick was born in Ireland but arrived in New Zealand from Scotland in the 1860s. Henry McCormick originally lived in Waiwera and later worked in Devonport. By 1891, the McCormicks owned land at Te Atatu Peninsula. However, the date that the house was constructed is uncertain. One account has it that the house was constructed in the 1880s as a summer cottage or bach. The original part of the house was thought to be constructed using timber from an old scow, the "Stapha". The analysis of the extant building remains has proven that the building was indeed originally fabricated from wood and materials taken from a marine vessel.

### The Brick Villa

7. A local historian, Audrey Lange has researched the history of the brick villa and provided Council with further information on the history of the site. The house was auctioned on 5 March 1894 by Samuel Cochrane as a small farm. In the Auckland Star on 6 February 1904 the brick villa was auctioned as a poultry farm in grass, fenced with the villa already in place and the rest in a natural state. One of the early landowners of the brick villa, Mr Semadeni, took over responsibility of the local Sunday School and he arranged for meetings to be held in the local school. At the time that Mr Semadeni settled in the area, the road to Henderson was little more than a track and the normal mode of travel to the city was by boat. Finally an approach was made to the Methodist church and regular church services were established in 1910 and were held in the local schoolroom.

## DECISION MAKING

### Issues

#### ICOMOS Charter New Zealand

8. The ICOMOS Charter New Zealand sets out the principles for heritage conservation of historic places and sites. The Charter defines the purpose of conservation as:

*“The purpose of conservation is to care for places of cultural heritage value, their structures, materials and cultural meaning. In general, such places:*

- *Have lasting values and can be appreciated in their own right;*
- *Teach us about the past and the culture of those who came before us;*
- *Provide the context for community identity whereby people relate to the land and to those who have gone before;*
- *Provide variety and contrast in the modern world and a measure against which we can compare the achievements of today; and*
- *Provide visible evidence of the continuity between past, present and future.”*

9. Heritage best practice in the context of site interpretation means that all physical works should be in accordance with existing conservation plans prepared for the specific sites by a multi-disciplinary team and detailed recording should occur throughout implementation of the project.

#### Interpretation for the Auckland Brick and Tile Company Site

10. The Company site is complex due to its nature as an industrial site and the coastal erosion occurring. The Company site is also close to the motorway and is currently inaccessible to the public. The conservation plan outlines three options for its management. These include:

- Accept and live with the natural erosion;
- Use of shoreline armouring (i.e. seawalls) to prevent further erosion; and
- Sand replenishment to establish and maintain a protective beach along the base of the bank.

11. Overall, it is considered that it is a better use of Council money at this time to defer spending on the Company site, apart from the design of a heritage interpretation plaque, as the cost of halting further coastal erosion would be prohibitive. The cost for this interpretation is estimated at \$3,000.

### **Interpretation of McCormick's Cottage**

12. The conservation plan prepared for McCormick's Cottage by Dave Pearson, Heritage Architect, outlined the heritage values of the building and contained an extensive schedule of remedial works required. The building met an untimely demise in September 2007 and therefore the best way to mark its heritage value is to provide on-site interpretation in a way that adds meaning to the existing community. This should include:
  - Signage;
  - A viewing platform over the original site to enable visitors to appreciate the views at the same elevation as the original floor level of the house; and
  - Appropriate landscaping reflecting a pastoral and coastal landscape.
13. There is a good base level of information identified through the McCormick's cottage conservation plan. This provides an excellent opportunity to mark a site that is part of a broader cultural heritage landscape in a way that makes all of the heritage features on parkland accessible and open for the community to use and enjoy. The cost for this project is estimated at \$97,000.

### **Refurbishment of the Brick Villa**

14. The brick villa is listed in the Waitakere District Plan as a Category II building and although the exterior of the building has been conserved, the interior of the building requires upgrading to make it into a functional building. It is considered that it should be refurbished and rented out. The non-use of the building is having a detrimental effect on its long term future. The cost for the refurbishment is estimated at \$100,000.

### **Art Works for the Park**

15. It is considered appropriate that there should be a sculpture or art work for the Park to celebrate Te Atatu's war heroes. The Park is a focal point for the community and it makes sense to thematically link the gun emplacements that were constructed during World War II with the contribution made by the New Zealand armed forces. Two options for how that could be achieved are outlined below.
16. Option one is to replicate a sculpture that has been produced for Luxembourg. The Chairman of the Henderson Community Board has recently made contact with the Mayor of Weiswampach about the possibility of replicating a sculpture memorialising the allies who died defending that part of Europe during World War II. The connection with the Park is that one of the aircrew that flew missions over central Europe at that time was Mr Whelan who came from Te Atatu. Although there has been some correspondence over this issue, it is unclear if the artist has expressly given his permission and what agreements would need to be in place from an intellectual property perspective to enable this to occur. There would be substantial costs associated with replicating another art work and ideally, if this were to occur, it would be necessary for the original artist to travel to New Zealand and oversee its installation. The overseas artist may have specific requirements that make estimating the final cost of this option difficult.
17. Option two would involve commissioning a local artist to produce an art work that would reference the one in Luxembourg but would be unique to Te Atatu Peninsula. This would enable Council to avoid any intellectual property issues and to link that new art work thematically with other town centre development. It is estimated that a new sculpture may cost a minimum of \$50,000. A new, locally produced sculpture would also become a feature identifying Te Atatu Peninsula.

### Assessment of Options

18. Each of the four projects outlined above has costs and benefits associated with it. The table below outlines the projects and provides an analysis of each one.

	<b>Auckland Brick and Tile</b>	<b>McCormicks Cottage</b>	<b>Refurbishment of Brick Villa</b>	<b>Sculpture</b>
Social	The community will gain an awareness of the site if site interpretation occurs.	The viewing platform and proposed landscaping will enhance visitor experience of the park.	The villa will be able to be used and will halt deterioration of the interior.	The sculpture will provide a community focal point.
Economic	Proposed Cost of \$3,000	Proposed Cost of \$100,000	Proposed Cost of \$97,000. Enables Council to obtain a revenue stream through rental.	Proposed Cost of \$50,000
Cultural	The site tells the story of brick-making on the Whau. Heritage should be a part of the community's everyday life.	The significance of the cottage can be celebrated and the site become actively used.	The villa is a heritage icon. It is a tangible link with the past and its refurbishment will enhance its value.	The sculpture will link the past with the present. The proposed sculpture will complement the gun emplacements.
Environmental	The proposed signage will have little environmental effect.	The viewing platform, landscaping and signage will enhance the environment.	The brick villa is an important part of the local community. The proposed refurbishment of the interior will make the building useable.	The sculpture will have minimal environmental effects.

19. The proposed projects utilise funding available through the Fund. Should these projects not be undertaken an alternate use of those funds would need to be identified on the Park. The Park already has a good track and trail system and extensive planting and landscaping have already occurred. It is considered that the projects represent good value to the community in preserving heritage aspects and enhancing park amenity in a lasting way for the community.

### Preferred Option

20. The preferred option is to continue to interpret sites of local significance that form part of a broader historic landscape at the Park through signage, artworks and appropriate furniture and viewing platforms. The Park is one of the most widely visited city-wide parks in Waitakere and already has a good track and trail system. Development of the heritage interpretation material, and landscaping will significantly improve the amenity of the Park. In addition it will allow local heritage features to be presented in a way that unlocks their meaning.

## STRATEGIC CONTEXT

21. The work at the Park involves the Vibrant Arts and Culture Community outcome. "Waitakere City's arts and culture is reflected and appreciated in our everyday life and the City is itself a work of art. We participate in creative pursuits and have a deep and wide perception of arts and cultures in our City."
22. Development of heritage interpretation material will be achieved in consultation with the New Zealand Historic Places Trust, the lead central government agency involved in heritage protection, and the West Auckland Historical Society.

## CONSULTATION

23. Consultation has already occurred on site interpretation for the Park to the extent that the conservation plan has been adopted by Council for McCormick's cottage and the Company site. In addition, Council staff consulted with local historians and the New Zealand Historic Places Trust over the resource consent and site interpretation material for the gun emplacements.
24. The primary beneficiaries of further site interpretation and art works are the local residents, businesses and visitors to the area that wish to appreciate the heritage of the Park.

## RESOURCES

25. The Fund was created in 2004 through a targeted rate for the purpose of establishing, developing and maintaining for public purposes certain land in Te Atatu Peninsula. Legal Services have confirmed that the proposed heritage interpretation works fall within the definition of works envisaged when the Fund was established. The targeted rate was collected for a period of five years. The proposed heritage interpretation works will complement the Park and can be accommodated within the overall budget for development of the site.
26. While the proposed projects were not specifically identified in the Long Term Council Community Plan, there is \$984,000 set aside in this year's annual budget for works at the Park. The \$250,000 expenditure outlined in this report will be deducted from that total and is within the scope of the original proposed works to create trails and make improvements to the Park.

## IMPLEMENTATION ISSUES

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

## AUCKLAND COUNCIL TRANSITION ISSUES

28. The Local Government (Tamaki Makarau Reorganisation) Act 2009 imposes restrictions on Waitakere City's decision making capabilities in respect of decision making during the transition period. In particular, section 31(1), (6) and (7) states

*"31 Decision making during transition period*

*(1) Subsections (6) and (7) apply to any decision of an existing local government organisation—*

*(a) during the transition period; and*

*(b) that may, directly or because of its consequences—*

*(i) significantly prejudice the reorganisation:*

- (ii) significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation:
  - (iii) have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.
- (6) The Chief Executive of the existing local government organisation must ensure that the decision has been confirmed in writing by the Transition Agency before implementing the decision.
- (7) A decision to which this section applies is void and of no effect until it is confirmed.”

29. It is considered that the proposed spending on the Park is within the parameters of the Fund. However, the proposed projects will have a financial impact on the overall assets and liabilities of Waitakere prior to the establishment of the Auckland Council and therefore approval from the Auckland Transition Agency is required. The spending on the project outlined in this report will be concluded before 30 June 2011.

Report prepared by: Alina Wimmer, Principal Advisor: Heritage.



## 17 HOUSING FOR OLDER ADULTS - CHANGE OF RENTAL POLICY

### GLOSSARY

Housing for Older Adults	(HFOA)
Finance and Operational Performance Committee	(Committee)
Work and Income New Zealand	(WINZ)

### EXECUTIVE SUMMARY

The purpose of this report is to formally record approval of the Finance and Operational Performance Committee (Committee) for a change in the Housing for Older Adults (HFOA) rental policy applicable to tenants taking occupation of a HFOA village unit from 1 April 2008. Rentals for those tenants have been at 70% of market rate for singles and 80% of market rate for couples, capped at 30% of gross income including accommodation supplement.

A report was presented to the Committee in April 2008 requesting approval to implement a rental policy change for all HFOA tenants from an income related rental policy to a market related rental policy. The Committee considered that the impact on existing tenants of moving to market related rent was too significant to implement at that time and should therefore be held off for a minimum of 12 months to allow time for a rental review to be completed increasing their rents up to the current Work and Income New Zealand (WINZ) benefit rates under the existing policy of charging rent at 25% of gross income.

Discussion by the Committee on the above report included the suggestion that all new occupiers could be charged market related rent as they would not be affected by a market related rental policy and the required rental review for existing occupiers was not relevant to new tenants. Based on that discussion officers have applied the market related rental policy to tenants taking occupation of a HFOA village unit from 1 April 2008, with in all cases these tenants, agreeing to the applicable rental, terms and conditions in signing a tenancy agreement. It is desirable that this policy change is formally and retrospectively resolved.

## RECOMMENDATIONS

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

1. **Receive** the Housing For Older Adults - Change of Rental Policy report.
2. **Approve** retrospectively the Housing for Older Adults rental policy of basing rents on 70% of market rate for singles, 80% for couples, capped at 30% of gross income including accommodation supplement for all tenants taking occupation from 1 April 2008.
3. **Note** that Council on 30 September 2009, with regard to tenants who were in occupation prior to 1 April 2008, approved 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, subject to final confirmation with tenants, where appropriate.

## **BACKGROUND**

1. Council owns and operates 336 HFOA units. These are located in 12 villages across the City.
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 the 2007/2008 financial year Council commenced a programme to upgrade its HFOA units. The programme was supported by funding provided from the Housing New Zealand Corporation's Housing Innovation 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.
4. The concept of pricing the HFOA units at a percentage of the market rate for an equivalent property was established as achieving the 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 cannot afford market alternatives. In terms of a self-funding model linking rental rates to the property rental market more directly reflects changes in the cost of providing the service over time. Incomes may be influenced by a number of other less related factors.
5. 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.

6. The policy change was approved at the City Development Committee meeting on 6 April 2006 where it was resolved as under:

“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,*

*be endorsed in principle, for consultation with tenants and other key stakeholders.”*

520/2006

7. As an exception to the original proposal, which was to move all to 70% of market rent, Council officers subsequently recommended increasing the rental for couples units to 80% of market rent. Movement to only 70% of market rent for couples would not provide Council any increase in rental revenue nor reflect the increase in value received from the redesigned units.

8. At a meeting on Monday, 7 April 2008 the Finance and Performance Committee resolved as under:

*“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

9. Resolutions 3 and 4 above arose because the Finance and Operational Performance Committee considered that the impact on existing tenants of moving to market related rent was too significant to implement at that time and should therefore be held off for a minimum of 12 months to allow time for a rental review to be completed increasing their rents up to the current WINZ benefit rates under the existing policy of charging rent at 25% of gross income.

10. Discussion by the Finance and Operational Performance Committee on the above report included the suggestion that all new occupiers could be charged market related rent as they would not be affected by a market related rental policy and the required rental review for existing occupiers was not relevant to new tenants. Based on that discussion Council officers have applied the market related rental policy to tenants taking occupation of a HFOA village unit from 1 April 2008.

11. The action approved under resolution 3 above has now been completed and on 7 September 2009 the Finance and Operational Performance Committee resolved as under:

*“The Finance and Operational Performance Committee resolved to:*

- 1. Receive the Housing for Older Adults - Rental Increases report.*
- 2. Agree to recommend to Council to approve 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, subject to final consultation with tenants.”*

1533/2009

## **DECISION MAKING**

12. From 1 April 2008 new tenants have been charged at market related rent. To date there are 41 tenants who have taken occupation under the market related rental policy. In all cases, these tenants have agreed to the applicable rental, terms and conditions in signing a tenancy agreement. None of these tenants has had an issue with the rental rate with most advising that this rate is much lower than what they were paying elsewhere.

## **Issues**

13. As outlined above the adoption of the market-related rent policy for tenants taking occupation in a HFOA village unit after 1 April 2008 was based on Council officer's understanding of the intent of the Finance and Operational Performance Committee arising from discussions at the 7 April 2008 meeting.
14. Council's Legal Services section has advised that the tenants who have taken occupation under the market related rental policy are not affected by the policy change and as they accepted those terms prior to occupation there are no issues other than the issue of having a resolution to implement the market related rental policy from 1 April 2008 for new occupiers confirmed and back dated to that date.
15. It is therefore desirable that the rental policy change is formally and retrospectively resolved.

## **Consideration of Community Views**

16. The rental policy change from 25% of income to market related rents was specifically noted in the Long Term Council Community Plan 2009-2019. There were no submissions received regarding this particular item.

## **STRATEGIC CONTEXT**

17. 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**

18. Council's Legal Services section and Democracy and Support Services have been consulted in the preparation of this report.

## RESOURCES

19. There are no resource implications arising from formally and retrospectively resolving the change in HFOA rental policy applicable to tenants taking occupation of HFOA village units from 1 April 2008.

## IMPLEMENTATION ISSUES

20. There are no implementation issues expected.

## 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:** Karen Shepherd, Manager; Operations Support and Melonie Lister, Senior Property Manager: Tenancy.



## PART F - REPORTS FROM THE SUBCOMMITTEES

### 18 TENDERS SUBCOMMITTEE

**THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORT OF ITS MEETING HELD ON FRIDAY, 18 SEPTEMBER 2009**

#### MATTERS CONSIDERED

A49-A51

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 A49 to A51.

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

**Receive** the meeting report of the Tenders Subcommittee held on Friday, 18 September 2009.

RI Clow  
**CHAIRMAN**



**PART G - PUBLIC EXCLUDED MATTERS**

- 19 **NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT - ACQUISITION OF PLANET KIDS LIMITED AT 1B RANKIN AVENUE, NEW LYNN**
- 20 **NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT - ACQUISITION OF NEW LYNN KINDERGARTEN AT 1 TOTARA AVENUE, NEW LYNN**
- 21 **PROJECT TWIN STREAMS PROPERTY ACQUISITIONS FOR 15, 17 AND 19 INVER STREET, GLEN EDEN**

These items will be considered in the Confidential Supplement of the agenda, and have 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, namely, New Lynn, New Lynn Transit Oriented Development Project - Acquisition of Planet Kids Limited at 1B Rankin Avenue, New Lynn; New Lynn Transit Oriented Development Project - Acquisition of New Lynn Kindergarten at 1 Totara Avenue and Project Twin Streams Property Acquisitions for 15, 17 and 19 Inver Street, Glen Eden.

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

General subject of the matters to be considered.	Reason for passing this resolution in relation to each of the matters.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
New Lynn Transit Oriented Development Project - Acquisition of Planet Kids Limited at 1B Rankin Avenue, New Lynn	The withholding of information is necessary in order to: <ul style="list-style-type: none"> <li>• enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li> </ul>	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.
New Lynn Transit Oriented Development Project - Acquisition of New Lynn Kindergarten at 1 Totara Avenue, New Lynn	<ul style="list-style-type: none"> <li>• enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li> </ul>	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.
Project Twin Streams Property Acquisitions for 15, 17 and 19 Inver Street, Glen Eden	<ul style="list-style-type: none"> <li>• enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li> </ul>	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 parts of the proceedings of the meeting in public as follows:

- *These reports contain information which if released could affect the Council's negotiations.*

