



Waitakere City Council
Te Taiāo o Waitakere

NOTICE OF MEETING

FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

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

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

MEETING ROOM: Council Chamber

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

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

5 November 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,
9 NOVEMBER 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, 9 NOVEMBER 2009, COMMENCING AT 9.30 AM

PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

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

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

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

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



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that 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, 12 October 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, 12 October 2009, as circulated, and that they be taken as read and now be confirmed.



PART B - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

RECOMMENDATIONS

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

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

EXECUTION OF DOCUMENTS: 5 to 30 October 2009

Nº	NAME	PARTICULARS
4870	WCC - Totara Properties Auckland Limited	Authority and Instruction for an electronic transaction - 20 and 20A Larnoch Road, Henderson - RMA20051342
4871	WCC - Morrison Horticultural Limited	Withdrawal of Caveat - Universal Drive Extension - Rule 44.2 Standing Orders
4872	WCC - Morrison Horticultural Limited	Withdrawal of Caveat - Universal Drive Extension - Rule 44.2 Standing Orders
4873	WCC - Morrison Horticultural Limited	Withdrawal of Caveat - Universal Drive Extension - Rule 44.2 Standing Orders
4874	WCC - Westpac and AJ & VE Doggett	Encumbrancee's consent to variation of mortgage - 96 Seaview Road, Piha - Rule 44.2 Standing Orders
4875	WCC - Titirangi Community House Society Incorporated	Deed of Lease renewal re Community House at Titirangi War Memorial Park (in duplicate)
4876	WCC - Te Kohanga Reo National Trust Board	Deed of Lease renewal - Land at Royal Reserve run by Puawairua Te Kohanga Reo (in duplicate)
4877	WCC - WCC	Authority and Instruction for an electronic transaction - Registration of Encumbrance - Carpark at Trading Place and Ratanui Street, Henderson
4878	WCC - WCC	Authority and Instruction for an electronic transaction - Registration of Encumbrance - Carpark at Trading Place and Ratanui Street, Henderson
4879	WCC - WCC	Memorandum of Encumbrance - Carpark at Trading Place and Ratanui Street, Henderson
4880	WCC - MJ Cox et ors	Chargeholder's Consent - 97A State Highway 16, Massey North - Rule 44.2 Standing Orders
4881	WCC - Shakeel Shaikh, Enforcement Officer	Warrant of Appointment and Evidence of Identity - No.WCC466
4882	WCC - Anton Welsh, Enforcement Officer	Warrant of Appointment and Evidence of Identity - No.WCC467
4883	WCC - Phantom Bill Stickers Limited	Deed of Renewal of Bollard Contract (Renewal of Licence to erect and place advertising on Bollards in Waitakere) - (in duplicate)
4884	WCC - New Zealand Fire Service Commission on behalf of Huia Fire Station	Lease of Karamatura Reserve (1282-1284 Huia Road, Huia) - Resolution 43/2008 (in duplicate)

Report prepared by: Denis Sheard, Legal Services Manager.



PART C - FINANCE

6 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT AS AT 30 SEPTEMBER 2009

EXECUTIVE SUMMARY

A1-A25

This report details the forecasted expenditure for the financial year ending 30 June 2010 and is based on the actual results to 30 September 2009 as attached at pages A1 to A25.

RECOMMENDATION

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

Receive the Operating and Capital Expenditure Forecast Report As At 30 September 2009.

BACKGROUND

1. Through the Long Term Council Community Plan and Annual Plan process, the Council approves operating and capital expenditure. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.
2. This report details the forecasted expenditure for the year ending 30 June 2010 and is based on the actual results to 30 September 2009.
3. The previous report for August noted a minor surplus in the forecasted operating performance. In addition, capital was forecasted at a completion rate of 97%.
4. The results as at 30 September 2009 have not significantly changed from those reported for the previous month. Issues relating to capital delivery and the identification of budget surpluses remain.

DECISION MAKING

5. The operational forecast reports a surplus of \$1.3 million.
6. 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.

ISSUES

Impacts of the slower than expected NorSGA development:

7. Consent Services are forecasting \$700,000 less revenue than budgeted due to a forecasted slow down in consent numbers. This has been mitigated by compensating expenditure cuts to yield a deficit of \$125,000.
8. A similar experience has been felt within Ecowater Development Services where revenue has not been obtained. However, reductions in consultant costs have offset this completely.
9. Roading and Parks Planning have between them forecasted losses in consent revenue of \$170,000 which does not have a corresponding cost reduction, as these costs are primarily for existing permanent staff.

STRATEGIC CONTEXT

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

CONSULTATION

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

RESOURCES

12. No additional resources are required.

IMPLEMENTATION ISSUES

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

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: Geoff Williams, Deputy Director: Community Wellbeing.



7 PERFORMANCE REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009

EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee on the performance measures for the quarter ended 30 September 2009.

RECOMMENDATION

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

Receive the Performance Report for the Three Months Ended 30 September 2009.

BACKGROUND

1. Through the Long Term Council Community Plan and Annual Plan process, the Council approves its performance measures. A number of these measures are annual measures and are not reported at this stage. The measures for the full year are published in the Council's Annual Report and are subject to Audit.
2. If any further information is required in respect of this report, other than of a general nature, please contact the writer prior to the meeting to enable the query to be researched.
3. This report is for the three months ended 30 September 2009 and is attached at pages A26 to A47.

DECISION MAKING

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

Issues

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

STRATEGIC CONTEXT

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

CONSULTATION

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

RESOURCES

8. This report has no resource implications.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

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

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



8 BORROWING AND INVESTMENT REPORT

GLOSSARY

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

EXECUTIVE SUMMARY

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

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.

A48-A53

2. The relevant portfolio and graphs reflect the estimated position as at 31 August 2009 and are attached at pages A48 to A53.

DECISION MAKING

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

Issues

4. The Council's Funds Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables the Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan (LTCCP), while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assist the Council with its entire loans funded strategic initiatives. The Liability Management and Investment Policy requires that a report detailing the management of the portfolio be presented to the Committee on a regular basis. The report must include information on the following subjects:

- Cash/debt position;
- Forecasted borrowing profile;
- Interest rate profile;
- Risk management;
- Material transactions; and
- Market commentary.

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

Financial Implications

6. The active management of the treasury portfolio seeks to minimise the Council's borrowing costs and maximise investment returns of liquid assets. The Funds Management function is also charged with seeking investors, thus ensuring that there is sufficient liquidity available for the Council to continue its work programme. New Zealand financial markets are significantly volatile and therefore interest rate risk management is a key responsibility of the Funds Management

function. Detailed financial information included within this report is intended to give assurance of the prudent management of the Council's portfolio.

7. The Council maintains a Standard and Poor's Credit Ratings of A-1 short term, and A+ long term (Positive Outlook).
8. The Council has adopted financial ratios included in its Liability Management and Investment Policy which provides limits on the level of debt and interest the Council will have. The following table shows the ratio limit, the 2007/08 actual and the 2009/10 budgeted levels.

Financial Ratio	Actual 2007/2008	Budget 2009/2010
Net Debt as a percentage of income	144.48%	212%
Net interest as a percentage of income	9.4%	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 and Waitakere City Councils 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.

Preferred Option

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

CONSULTATION

15. 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

16. 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

17. There are no implementation issues identified for 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: Bruce Wilkin, Group Manager: Funds Management.



9 PAYMENTS APPROVED

EXECUTIVE SUMMARY

The purpose of this report is to advise the Finance and Operational Performance Committee of payments made by the Council.

A54-A64

A summary schedule of payments over \$5,000 made for the period 25 July 2009 to 16 October 2009 are attached at pages A54 to A64.

Payments have been provided for in accordance with approved budgets.

If a Committee member wishes to ask specific questions relating to any of these payments please direct them to the Associate Director: Finance prior to the meeting. This will enable a response to be adequately researched.

RECOMMENDATIONS

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

1. **Receive** the Payments Approved report.
2. **Agree** to have the Payments Approved Report submitted on a quarterly basis.

BACKGROUND

1. All payments made by the Council have until recently been presented to this Committee on a progressive monthly basis. Elected members are able to review the information provided and seek information or clarification in respect of any of those payments.
2. At its meeting on the 12 October 2009, the Finance and Operational Performance Committee discussed and agreed for this report to be presented on a quarterly basis. As this discussion was not part of the formal agenda for the meeting, no formal decisions could be recorded. A recommendation has been incorporated with this report to address the situation.

DECISION MAKING

3. The Finance and Operational Performance Committee is asked to confirm the move to quarterly reporting of this agenda item. The preparation of this report is largely a manual exercise and our financial reporting system does not extract the payment information in a manner suitable for reporting to this committee.
4. It takes approximately 3-4 days of a senior staff member's time, plus additional input by other staff to compile this report. Preparing the report on a monthly basis is not considered appropriate and a shift to quarterly reporting is considered to be more time efficient. Although the number of payments reported over the quarterly period will be greater there are many consistent payments over this time which involves no extra work to research.

STRATEGIC CONTEXT

5. The Council makes various payments as provided for in its Long Term Council Community Plan and Annual Plans. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.

CONSULTATION

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

RESOURCES

7. This report has no resource implications.

IMPLEMENTATION ISSUES

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

Report prepared by: John MacKenzie, Group Manager: Rates and Financial Transactions.



10 AUCKLAND TRANSITION COSTS OCTOBER 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 October 2009 period.

RECOMMENDATIONS

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

1. **Receive** the Auckland Transition Costs October 2009 report.
2. **Agree** that costs incurred by this Council in relation to the Auckland Governance implementation process continue to be reported to the Finance and Operational Performance Committee, but that reporting of staff time and staff numbers involved in transition work cease.

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.”

702/2009

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 work stream 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 on the costs and staff time associated with transition work.
4. The report also seeks the approval of the Finance and Operational Performance Committee to discontinue reporting of staff numbers and time involved in transition work. As discussed at the Communication and Facilitation meeting on 3 November 2009, this change is intended to reduce reporting requirements on staff who are heavily involved in rapidly changing transition work, including secondments to the Auckland Transition Agency (ATA) and involvement in region-wide project groups and work streams.

Costs to date

5. As at 31 October 2009, a total of \$176,555.86 had been incurred on Internal Transition Expenditure, inclusive of Community Advocacy Expenditure. Itemised expenditure figures are detailed below:

Expense Type	Purchase order text	Value
COUNCIL		
Professional Service	AS09001A Consent Services Business Support - Backfill for Cheryl Bowie	6,580.00
Stationery	Stationery	226.10
		6,806.10
COMMUNITY		
	No expenses for October	0.00
Summary to Date		
Council	Previous Report to 30 September	127641.76
	October 2009	6,806.10
	Total	134,447.86
Community	Previous Report to 30 September	42108
	October 2009	0.00
	Total	42,108.00
Total		176,555.86

Staff Time Reporting

6. As discussed above, the time spent by Council Officers 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 the Finance and Operational Committee for accountability and reporting purposes.

7. Council officers time spent on transition work for the month of October 2009 was as follows in Chart 1:

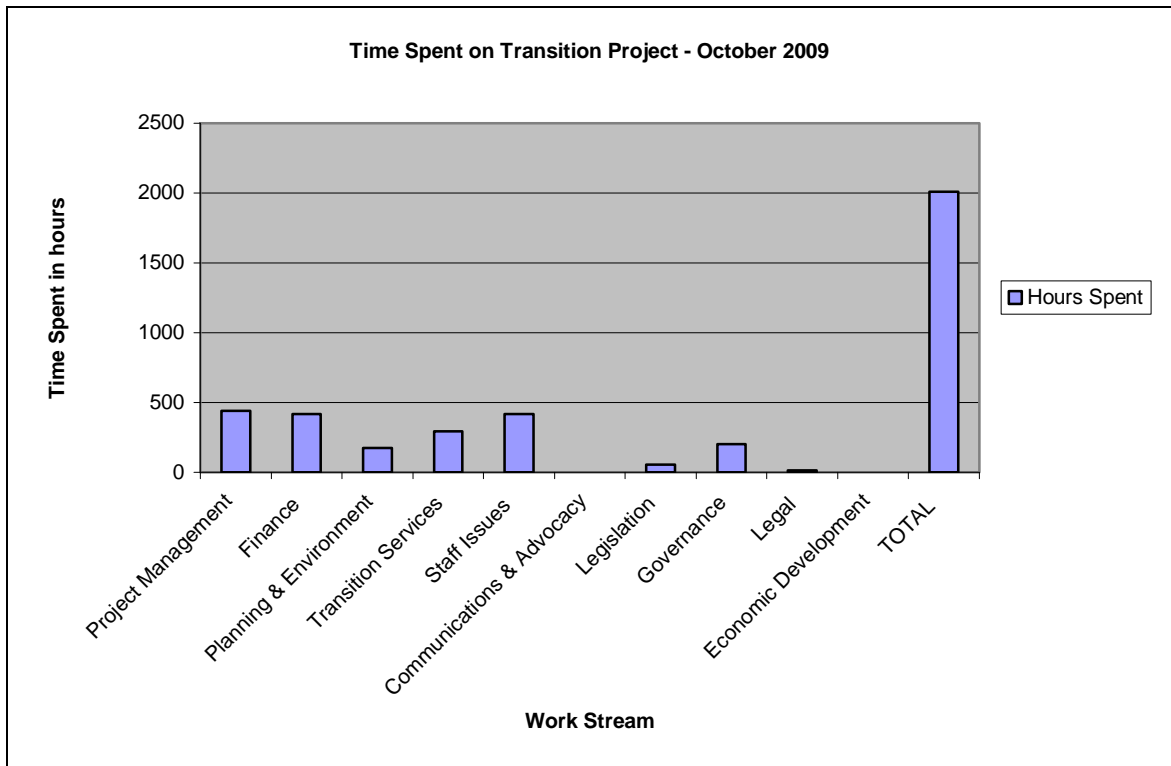


Chart 1 - Time spent on Transition Project – October 2009

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

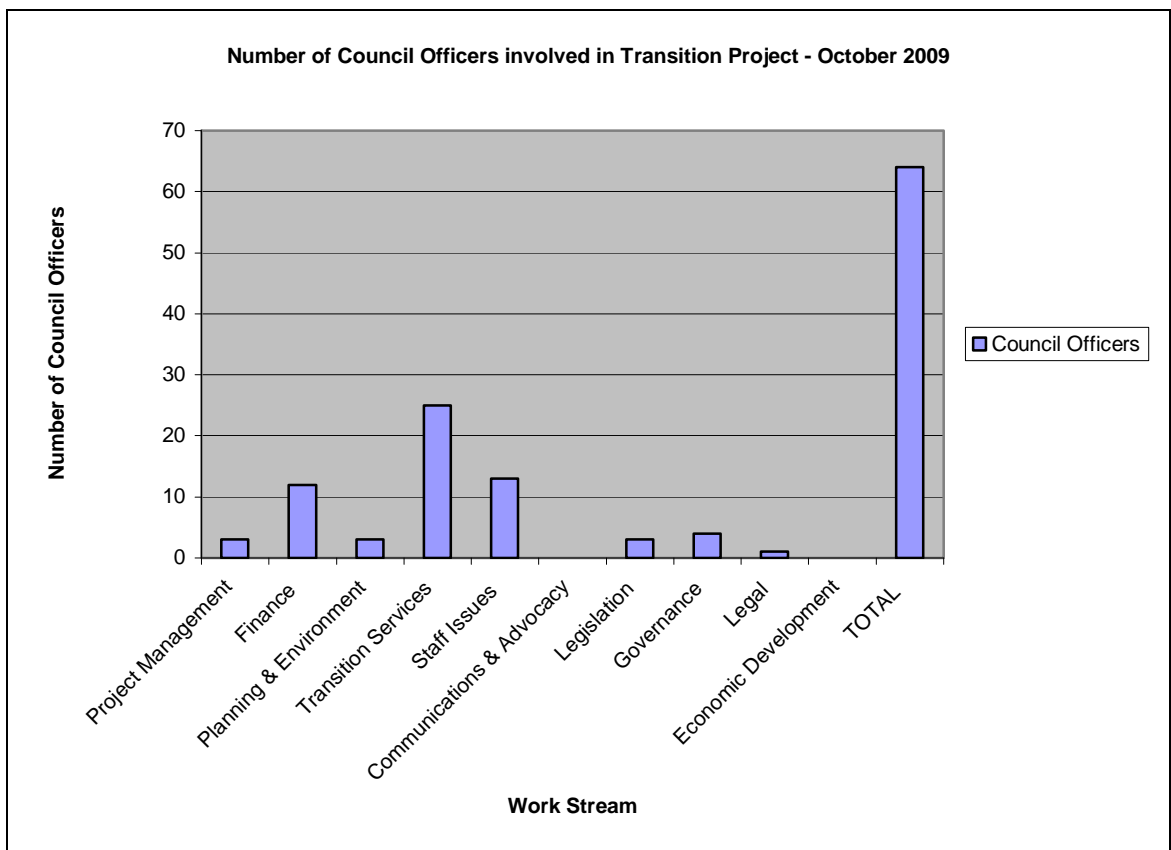


Chart 2 - Number of Council Officers Involved in Transition Project – October 2009

STRATEGIC CONTEXT

9. 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

10. There is no consultation required for this report.

RESOURCES

11. 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.
12. 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

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

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: Owena Schuster, Project Manager: Waitakere Transition.



PART D - GENERAL

11 STATUS OF LOANS TO VARIOUS COMMUNITY TYPE ORGANISATIONS

GLOSSARY

Waitakere Badminton Association	(WBA)
Waitakere City Association Football Club	(WAITCAFC)
Waitemata Athletic Club	(WAC)
Waterhole Swimming Centre Limited	(WSCL)
Waitemata City Association Football Club	(WCAFC)

EXECUTIVE SUMMARY

At the meeting of the Finance and Operational Performance Committee held on Monday, 7 September 2009, it was requested that information be provided on the current status of Council loans provided to various community type organisations. This report outlines the nature of the loans provided and their current status.

RECOMMENDATION

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

Receive the Status of Loans to Various Community Type Organisations report.

BACKGROUND

1. The Council, over a number of years, has made loan funding available to various not-for-profit type organisations to assist them in undertaking capital improvements to their premises. Usually those premises are situated on Council-owned reserves and the benefits of those improvements provide enhanced access for the community or existing members to participate in those organisations' activities.
2. Since the early 1990s the Council has generally provided loan funds from the Community Sport Fund, which represents monies accumulated via grants from the former Hillary Commission. These funds are available to be allocated to sport and recreational groups using criteria laid down by the former Commission and guidance from Sport and Recreation New Zealand. The interest charged on loans advanced is set by the Community Sport Fund Allocation Subcommittee and is generally not higher than 3%.
3. Obtaining bank finance can be problematic for some sport and recreational groups because of their tenure arrangements with the Council and not having the underlying ownership of land to be provided as security. Prior to the formation of the Waitakere City Council, the former Waitemata City Council also provided loan funding to various organisations to assist in upgrading premises or to reorganise their financial obligations where there was community benefit in doing so.

DECISION MAKING

Issues

Community Sport Fund Loans

4. The following loans are still current from the Community Sport Fund:

Waitakere Badminton Association (WBA)

5. A loan of \$100,000 was approved in 2005 for the purpose of retiring existing bank debt that the Council was guarantor for. This enabled the WBA to pay a lower interest rate on their debt and improve cashflow. At that time the WBA commenced substantial improvements on their facilities estimated to cost \$1.7 million. The balance outstanding at September 2009 is \$21,216.04.

Waitakere City Association Football Club (WAITCAFC)

6. A loan of \$60,000 was approved in 2001 for the purpose of retiring existing bank debt that the Council was guarantor for. This enabled the WAITCAFC to pay a lower interest rate on their debt and improve its cashflow. During the term of the loan a deferral of payments was approved. The amount outstanding at September 2009 was \$8,558.22.
7. A further loan of \$30,000 was approved in 2003 for the purpose of retiring existing bank debt that the Council was guarantor for. This enabled WAITCAFC to pay a lower interest rate on their debt and improve its cashflow. During the term of the loan a deferral of payments was approved. The amount outstanding at September 2009 was \$15,718.56.

Samanaki Tuvalau Pre-School

8. A loan of \$2,500 was provided in 1994 for the provision of playground materials. A request for the loan to be made a grant was declined and a deferment of payments was approved as the pre-school suffered financial difficulties. Over time there has been correspondence and discussion with the pre-school and the pre-school has not been in a position to repay. The amount outstanding at September 2009 was \$2,344.32.

Former Waitemata City Council Loans

9. There are three outstanding loans that date back to approvals by the former Waitemata City Council. These were sourced from the Community Amenities Development Loan 1986. The Waitemata City Council obtained approval in 1986 from the Local Authorities Loans Board to raise a loan for up to \$750,000. Permission was given for the loan to be available to assist any organisation or group whose object, or principal object, is conserving or promoting the welfare of the community or of any members of the community or whose object or principal object is the recreation, enjoyment, education, or instruction of the inhabitants of the district or any part thereof.
10. The loan provided a source of funds to enable the Council to provide grants, loans with or without interest, and meet any obligations for default on loan guarantees. In 1986 loans were provided to the then WBA of \$125,000 and to the Waitemata Athletic Club (WAC) of \$100,000. A grant of \$100,000 was also given to the WAC. The WAC loan was later extinguished in 2002 as part of a compensation payment for the WAC vacating its building on Central Park Drive to allow for the construction of the Trusts Stadium. In 1989 Waitemata City Council approved a loan advance of \$140,000 to the Waitamata City Association Football Club (WCAFC) and used loan funds of \$151,000 to assist the Waterhole Swimming Centre Limited (WSCL) to repay its debenture holders
11. Under the Local Authorities Loans Board rules, sinking fund instalments were required to be put aside to enable repayment of the loan when the sanction period expired. The sanction period for that loan was 25 years. In 1996 the requirement to collect sinking funds was no longer required and thereafter, as each loan was required to be refinanced, sinking funds were no longer collected. In 1998 the Council sold its Auckland International Airport Limited shareholding and proceeds of that sale of \$36,623,000 were used to retire existing debt and pay sinking fund instalments of \$4,992,386. Later in 2002 the Council divested of its shareholding in its Power New Zealand shares and \$56,503,735 was used to retire debt. It is most likely that this original loan has been repaid from those sources.
12. Details of the three outstanding loans are provided below:

Waitakere Badminton Association

13. The WBA was provided with a loan of \$125,000 in 1986 from the former Waitamata City Council. The loan was provided to enable the WBA to refinance its existing loans that were at that time attracting interest of up to 18%. The balance of that loan stands at \$123,357. This loan has been considered by this Committee on a number of occasions when requests for other funding have been received for upgrading their facilities. In July 2005, the WBA was advised that principal repayment of the loan was deferred until 1 August 2010. The WBA was also advised that interest payments on the loan would recommence from 1 August 2005, however, at that time the WBA also applied for and was provided a \$100,000 loan from the Community Sport Fund. The repayments on that loan to date have all been met, but the recommencement of the payment of interest on the former Waitemata City Council loan has not occurred.

14. The WBA has been proactive over many years in improving and developing its facility at the Council-owned site at 149 - 155 Royal Road, Massey. In 1997/1998, the Club replaced the super 12 asbestos exterior roof cladding, court surfaces and 3 new courts were constructed. The Council assisted this development with a \$150,000 grant sourced from the Waitemata Asset Acquisition Fund. The WBA has recently built three new courts at a cost of over \$1.7 million. Funding for that project was secured from a grant of \$600,000 from The Trusts Charitable Foundation (from funds generated from the Waitakere Licensing Trust venues), \$400,000 from the Auckland Savings Bank Trust, the \$100,000 loan from the Community Sport Fund, and the balance from the Auckland Savings Bank secured by a personal guarantee.
15. The facility is considered to be the premier badminton venue in the Auckland region. It caters for 3,000 users through affiliated clubs and private hirers. Increasing usage is occurring from the Asian, Chinese, Malaysian and Indian communities and with the expected population increase in the surrounding areas, it is likely that participation in this sport will rise. The WBA has been innovative in its approach to hireage of the facility by providing 24 hour access. This allows different users to schedule their times effectively. The next project for the WBA, subject to funding, is an extension of its outdated office facilities and replacement of the ageing toilet, shower and change room facilities. This is estimated to cost over \$400,000.

Waitemata City Association Football Club (WCAFC)

16. The WCAFC was provided with a Council loan in 1989 to assist in securing full occupancy of their club rooms at McLeod Park. A loan of \$140,000 was provided from the Community Amenities Development Loan 1986. The WCAFC had constructed its club rooms in a joint arrangement with the Waitemata Cricket Club, and the Football Club wished to fully utilise the clubrooms and grounds as a soccer venue. The Waitemata Cricket Club approached the Football Club and agreed to relocate, but required a half share payment of their investment in the shared clubrooms. The joint arrangement of the two codes presented occupancy issues, as the centre wicket reduced the playing capacity of the three soccer fields to two and restricted the playing season to five months. In addition, pre soccer training was severely restricted.
17. The original loan was set at a 10% interest rate and in 1992 that was approved to be reduced to 5%, as it was evident that the cash flow of the WCAFC was never strong enough to service the loan. From 1992, the WCAFC entered into a new arrangement, but in 1996 fell behind in payments. A further one-off payment of \$7,500 was received in October 1996. From that date no further payments have been made as there has been insufficient cash flow. The loan is secured over the WCAFC facilities. In 2003, the WCAFC was advised of the outstanding loan, but since that time has had marginal cash flow. Over the past few years the club has accumulated some funds that would enable repayments to commence. The outstanding balance is presently being re-examined, as there are early conflicting records with regards to some payments. Discussions are ongoing with the WCAFC and the balance of the loan is in the vicinity of \$100,000.

Waterhole Swimming Centre Limited (WSCL)

18. The WSCL has been active in Waitakere for nearly 30 years and since 1984 has operated the existing pool facility at Parris Park as a limited liability company. The WSCL has a ground lease of the building footprint from the Council for 33 years with a further right of renewal and constructed a privately owned swimming pool facility designed to permit emphasis on the teaching and coaching of swimmers as opposed to public swimming. The complex offers a wide range of activities for pre-schoolers to adults.

19. In 1984, when the building of the centre was commenced, the company raised a sum of \$179,000 from the public, secured by a first debenture and guaranteed by the former Waitemata City Council. Prior to local government reorganisation in 1990 and recognising its obligation as guarantor under the debenture and to avoid any possibility of default by the company, the then Council entered into a second debenture arrangement and made advances from time to time as the public borrowing matured as required to assist the company to meet its obligations. Concurrently the Council guarantee was extinguished and in 1992, when the original debenture holders were paid out, the first debenture was discharged and the former second debenture became the first charge security.
20. Since that time the Council has monitored the loan and has, upon review, deferred loan repayment. In 2004, arrangements were entered into for the repayment of the loan when a change of ownership occurred between the company directors. The loan balance as at September 2009 stands at \$102,000.

STRATEGIC CONTEXT

21. 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 loans and grants are: Strong Communities; Toiora; Urban and Rural Villages.
22. The Council has recently adopted its new strategic framework of six strategies. The provision of loans or grants assists in the delivery of the Social Strategy by assisting community facility development and contributes to the strategic priorities for First Call for Children and Safe City.

CONSULTATION

23. In the preparation of this report financial information has been obtained from the WSCL, the WBA and the WCAFC.

RESOURCES

24. This report has no resource implications.

IMPLEMENTATION ISSUES

25. There are no implementation issues in respect of this report unless the Finance and Operational Performance Committee wishes to consider conversion of part or all of any of the outstanding loans to a grant. Approval of the Auckland Transition Agency may be required, dependant upon the extent of any loan conversion.

AUCKLAND COUNCIL TRANSITION ISSUES

26. 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.



12 HARBOURVIEW - ORANGIHINA PARK MINOR WORKS

GLOSSARY

Harbourview Park Special Fund	(the Fund)
Harbourview – Orangihina Park	(the Park)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Finance and Operational Performance Committee to spend up to \$50,000 from the Harbourview Park Special Fund (the Fund) to enable minor works to occur to reduce vandalism, and improve safety, enjoyment and amenity at Harbourview - Orangihina Park (the Park).

There is budget allocated in the Annual Plan 2009/2010. However, all major works have been on hold due to a land claim under the Public Works Act 1981. While major works are on hold due to the land claim, these minor works are considered appropriate to be undertaken now to address public safety issues and enhance enjoyment of the Park.

RECOMMENDATIONS

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

1. **Receive** the Harbourview - Orangihina Minor Works report.
2. **Agree** subject to resolution 3 below, that up to \$50,000 of the Harbourview Park Special Fund be used for minor development works to reduce vandalism, and improve safety, enjoyment and amenity at Harbourview - Orangihina Park.
3. **Note** that resolution 2 above be subject to confirmation of the Auckland Transition Agency.

BACKGROUND

1. The Fund has been resourced from a targeted rate collected over a five year period specifically for the development of the Park. It is for new development works and projects (i.e. excludes maintenance).
2. Major park development projects at the Park have been on hold since the beginning of 2005. Currently no major works are planned for the Park while a land claim under the Public Works Act 1981 remains unresolved. Any funds remaining at year end will be (and have been for several years) carried forward as these are specifically for the Park.
3. A limited number of development works have been approved on a case by case basis taking into account of the unresolved land claim, such as recent approval in October 2009 to undertake works around heritage sites.

DECISION MAKING

Issues

4. The works proposed are to respond to a number of ongoing customer complaints and issues occurring on the Park and to provide some basic park facilities to improve the use of the Park.
5. The key issues that are occurring are ongoing vehicle access onto grass areas and vehicles driving on the pedestrian bridges. These complaints occur intermittently but are occurring in similar locations and it is believed that the majority of the issues can be resolved.

6. The issue of vehicle access onto the bridges has been resolved through the parks response contract as this posed an immediate health and safety issue due to loading capacity of the bridges and vehicles using walkways.
7. There is a need to remove easy access for vehicles onto grass areas where damage to the grass is occurring. It is proposed to trial small sections of bollards, wheel stops and planting in areas of continued vandalism. These will be extended where necessary to alleviate ongoing issues. It is not proposed to place bollards along the entire road frontage due to the cost implication and is believed to be excessive for the issues which are localised in nature.
8. Initial bollard installation is estimated to be in the order of \$15,000, with work focused around the central carpark area where the bulk of the issues are occurring. A further \$15,000 is estimated for planting areas of the Park in order to reduce vehicle access and to also improve amenity of the Park. The remaining \$20,000 requested will be used to undertake additional works if vandalism continues, and a portion will be used to provide some additional seating in the Park. These works will be undertaken under separate contracts.
9. In consideration of the land claim and also avoiding significant costs it is thought that focusing on specific areas will resolve the majority of the issues, and is the most appropriate response.
10. These minor works are in response to complaints from the community to both the Council and the Henderson Community Board.

STRATEGIC CONTEXT

11. These minor works will contribute to Council's 'Safe City' strategic priority and align with the Parks and Open Space Strategic Plan and the Harbourview - Orangihina Open Space Management Plan.

CONSULTATION

12. Consultation has occurred within the Parks Planning and Parks and Open Space Asset teams. Legal Services were also consulted in regards to the land claim under the Public Works Act 1981.

RESOURCES

13. The Fund has been resourced from a targeted rate collected over a five year period specifically for the development of the Park for new development works and projects. The current budget is \$984,000 which has been carried forward from previous years. This budget is updated at year end to cater for interest received from any unspent funds.
14. While there is \$984,000 set aside in the Annual Plan 2009/2010, there is currently no set programme or specific projects identified in the Long Term Council Community Plan 2009-2019.
15. The \$50,000 requested within this report falls within the definition of works that the Fund was set up for.
16. In October 2009, the Finance and Operational Performance Committee resolved to allocate \$250,000 of the Fund towards various heritage works on the Park. The remaining budget is not allocated to any specific projects. A detailed plan of works will be established once the outcome of the land claim is known.

IMPLEMENTATION ISSUES

17. There are no implementation issues anticipated with this report.

AUCKLAND COUNCIL TRANSITION ISSUES

18. 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."*

19. 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 confirmation 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: Gyles Bendall; Acting Service Manager; Parks Planning.



PART E - REPORTS FROM THE SUBCOMMITTEES

13 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS HELD ON FRIDAY, 2 OCTOBER 2009, THURSDAY, 15 OCTOBER 2009 AND FRIDAY, 30 OCTOBER 2009.

MATTERS CONSIDERED

A65-A72

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 A65 to A72.

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

Receive the meetings reports of the Tenders Subcommittee held on Friday, 2 October 2009, Thursday, 15 October 2009 and Friday, 30 October 2009.

RI Clow
CHAIRMAN



PART F - PUBLIC EXCLUDED MATTER

14 TE HENGA LAND ACQUISITION

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

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following part of the proceedings of this meeting, namely Te Henga Land Acquisition.

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

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

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

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

