



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 April 2010 **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 April 2010

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 APRIL 2010 COMMENCING AT 9.30 AM**

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**TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE NO.</u></b>
<b><u>PART A - OPENING OF MEETING</u></b>	<b>1</b>
1 APOLOGIES	1
2 URGENT BUSINESS	1
3 CONFLICTS OF INTEREST	1
4 CONFIRMATION OF MINUTES	1
<b><u>PART B - LEGAL AND CONSTITUTIONAL</u></b>	<b>2</b>
5 AFFIXATION OF COMMON SEAL	2
<b><u>PART C - FINANCE</u></b>	<b>5</b>
6 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT AS AT 28 FEBRUARY 2010	5
7 STATUS OF SPECIAL FUNDS	7
8 BORROWING AND INVESTMENT REPORT	8
<b><u>PART D - GENERAL</u></b>	<b>12</b>
9 COUNCIL CONTROLLED ORGANISATIONS – DRAFT STATEMENTS OF INTENT FROM JULY 2010	12
10 WATERCARE SERVICES LIMITED DRAFT STATEMENT OF CORPORATE INTENT 2010 AND FUNDING PLAN 2010	17
11 COMMUNITY SPORT FUND FUTURE	20
12 YOUTH PROGRAMME FUND ALLOCATION 2009/2010	29
13 ZEAL EDUCATION TRUST SIX MONTH PERFORMANCE REPORT 2009/2010	33
14 EXTENSION TO THE MANAGEMENT AGREEMENT FOR CORBAN GREEN COMMUNITY FACILITY	39
<b><u>PART E - REPORTS FROM THE SUBCOMMITTEES</u></b>	<b>43</b>
15 TENDERS SUBCOMMITTEE	43

**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 APRIL 2010 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 Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to check that no such conflicts arise in relation to any items on this agenda.



**4 CONFIRMATION OF MINUTES**

Meeting Minutes - Monday, 8 March 2010

**RECOMMENDATION**

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

**Receive** the minutes of the meeting of the Finance and Operational Performance Committee held on Monday, 8 March 2010, as circulated, and that they be taken as read and now be confirmed.



**PART B - LEGAL AND CONSTITUTIONAL**

**5 AFFIXATION OF COMMON SEAL**

**RECOMMENDATIONS**

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

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

**EXECUTION OF DOCUMENTS: 1 March to 1 April 2010**

<b>Nº</b>	<b>NAME</b>	<b>PARTICULARS</b>
4960	WCC - CA Newman and CJ Wilkinson	Discharge of Encumbrance D042491.1 - 16 Opou Road
4961	WCC - Society of St Vincent de Paul	Agreement for Sale & Purchase, Deed of Waiver, Deed of Lease - 28 Totara Avenue, New Lynn - Council resolution 718/2007
4962	WCC - Industry Edge Limited	Authority and Instruction for an electronic transaction form - 54 Keeling Road, Henderson re s224(c), Consent Notice s221 RMA and Right-of-Way easement - RMA20041616
4963	WCC - I Henry	Conservation covenant - 84 Glendale Road, Glen Eden - Environmental Management Committee resolution 710/2003
4964	WCC - MA & FR Kerr	Encumbrancee's consent to variation of mortgage - 98 Mountain Road, Henderson - Rule 44(2)
4965	WCC - D Smith, JD and RC Wilburn and BJ Verhoeff	Authority and Instruction for an electronic transaction form - 40B Konini Road, Titirangi re s224(c), Consent Notice s221 RMA, Drainage and water supply easements - SUB 20081375
4966	WCC - Morrison Horticultural Limited	Chargeholder's consent to covenant - 231 Lincoln Road, Henderson - Rule 44(2)
4967	WCC - Verhoeff	Consent of Encumbrancee - 40 Konini Road, Titirangi - SUB 20081375
4968	WCC - Verhoeff	Authority and Instruction for an electronic transaction form - 40 Konini Road, Titirangi re-subdivision under LT Plan 424135 - SUB 20081375
4969	WCC - Wild Turtle Investments Limited	Conservation covenant - 174A Railside Avenue, Henderson - Environmental Management Committee resolution 2090/2003

Nº	NAME	PARTICULARS
4970	WCC - Narrow Way Properties Limited	Conservation covenant - 22 Railside Avenue, Henderson - Environmental Management Committee resolution 2090/2003
4971	WCC - Auckland City Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council; Waitakere City Council.	Deed of Variation of Shareholders' Agreement relating to WaterCare Services Limited
4972	WCC - ML Tyrrell	Authority and Instruction for an electronic transaction form - 163 Simpson Road, Henderson Valley re s224(c), Consent Notice s221 RMA, Drainage easement and Bond - RMA2009800
4973	WCC - D Kahn and KA Quinn	Memorandum of Encumbrance - 116 Garden Road, Piha
4974	WCC - N Windsor-Boddington and SJ Boddington	Cancellation of Building Act Certificate - 1183-1187 Scenic Drive North
4975	WCC - Cathy's Café	Lease Agreement - Ratanui Street Kiosk (in triplicate) - approved by Director Corporate & Business Services
4976	WCC - Starling Park Sports Club Inc	Deed of Lease (in duplicate) and Facility Partnership Agreement - Infrastructure and Works Committee resolution 27/2010 and Finance and Operational Performance Committee resolution 1771/2008
4977	WCC - Whenuapai Pony Club Inc	Deed of Lease - 125 Clark Road, Hobsonville (in duplicate) - approved by Director Corporate & Business Services
4978	WCC - Paul Buckley, Authorised Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC357
4979	WCC - Nichopillai Canute Chandrakumaran, Team Leader - Transport Asset	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC458
4980	WCC - Terrance William Cann, Marina Warden	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC459
4981	WCC - Bernard Pang, Team Leader Transport Operation	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC460
4982	WCC - Vinh Bui, Team Leader Transport Assets	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC461
4983	WCC - Charlie Riggs, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC462

Nº	NAME	PARTICULARS
4984	WCC - Noa Fusitua, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC463
4985	WCC - Maurice Tutala Stanley, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC464
4986	WCC - Nikolas Lui, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC465
4987	WCC - Shakeel Shaikh, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC466
4988	WCC - Anton Welsh, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC467
4989	WCC - Jacob Faufua, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC468
4990	WCC - Manish Kohli, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC469
4991	WCC - Nathan Samu, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC470
4992	WCC - Nadhur Neelesh (Neil) Sharma, Pool Fencing Inspector	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC471
4993	WCC - Apelu Junior Apelu, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC473
4994	WCC - Haitelensia Oneone, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC474
4995	WCC - Melemele Puka, Enforcement Officer	Warrant of Appointment & Evidence of Identity (re-issued to amend wording on warrant) - No.WCC475
4996	WCC - Marvin Niuula, Enforcement Officer	Warrant of Appointment & Evidence of Identity - No.WCC357
4997	WCC - T Adams and M Stewart	Memorandum of Encumbrance - 60 Kohu Road
4998	WCC - FM Maxwell and Veronica House Ltd (now) FSJMB Family Trust Trustee Co Ltd	Authority and Instruction for an electronic transaction form - Landing Road, Titirangi re two discharges of Bonds - RMA2005-279, 2002-91
4999	WCC - A.R.E. Properties Limited	Conservation Covenant - 17 View Road - Resolution 2090/2003

Nº	NAME	PARTICULARS
5000	WCC - MK Scott	Authority and Instruction for an electronic transaction form - 28 Rosier Road, Glen Eden re s224(c), Consent Notice s221 RMA and Drainage easement - RMA20081188
5001	WCC - DA Munnings and SN Stewart	Authority and Instruction for an electronic transaction form - 56B, 56D and 1/56D Woodglen Road, Glen Eden re s224(c), Consent Notice s221 RMA and Drainage easement - RMA20071864
5002	WCC - F Mohammed	Authority and Instruction for an electronic transaction form - 243 Te Atatu Road, Te Atatu South re s224(c) and Surrender of Easement - RMA20081099
5003	WCC - Kashmir Investments Limited	Authority and Instruction for an electronic transaction form - 34 Kashmir Road, Glen Eden re Encumbrance - LUC 2007-862
5004	WCC - LJ & SG Wood	Authority and Instruction for an electronic transaction form - 16 Helios Place, Titirangi re Encumbrance - SUB 2010-116
5005	WCC - HM Patrao (Hazmar Limited)	Authority and Instruction for an electronic transaction form - 31 & 31A Archibald Road, Kelston re Drainage easement - RMA20071454
5006	WCC - A Ali	Authority and Instruction for an electronic transaction form - 3A Harrington Road, Henderson re s224(c), Consent Notice s221 RMA, Drainage easement and Surrender of easement - RMA20091067

Report prepared by: Denis Sheard, Legal Services Manager.



## **PART C - FINANCE**

### **6 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT AS AT 28 FEBRUARY 2010**

#### **EXECUTIVE SUMMARY**

An end of the year financial forecast was completed by Managers for the period ending 28 February 2010. This report presents the results of this process.

Operational and capital expenditure forecasts, associated recommendations and individual results for Directorates are reported.

## **RECOMMENDATION**

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

**Receive** the Operating and Capital Expenditure Forecast Report as at 28 February 2010.

## **BACKGROUND**

A1-A24

1. This report covers expenditure to 28 February 2010 and the forecast for the remainder of the year. The financial summary and associated notes are attached at pages A1 to A24.

## **DECISION MAKING**

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

## **Issues**

3. Explanations for significant variances between forecasts and the Annual Plan budgets are provided for the overall operating performance statement and capital expenditure.

## **STRATEGIC CONTEXT**

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

## **CONSULTATION**

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

## **RESOURCES**

6. This report has no resource implications.

## **IMPLEMENTATION ISSUES**

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

## **AUCKLAND COUNCIL TRANSITION ISSUES**

8. 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.



## 7 STATUS OF SPECIAL FUNDS

### EXECUTIVE SUMMARY

A25

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 28 February 2010, as attached at page A25.

### 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.
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. Council can determine when non – restricted funds are no longer required and they can be transferred back to general fund.
3. The special funds have been used to offset Council borrowings. This is part of the overall fund management strategy. Therefore any payments from the special funds will be drawn from Council overall cash or debt funds as appropriate. Interest is allocated to applicable funds at official cash rate for each month.

### DECISION MAKING

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

### ISSUES

5. A budget of \$44,000 on community sport grants was approved to be funded from the Community Sport Fund during the annual plan 2009-2010. These grants were paid out in December 2009.
6. Interest allocation to Corban Estate and Lopdell House Arts Development Trust totaling \$69,710 have been paid from the Auckland Regional Services Trusts (ARST) Arts Fund as resolved by the Finance and Operational Performance Committee meeting in February 2010.
7. The Land Subdivision Reserve Fund will provide the majority of the fund for the purchase of Crown Lynn land, property for NorSGA project, and the Oratia hall.
8. The Annual Plan 2009/2010 has approved receipts of \$100,000 to be paid into the Waikumete Cemetery and Park Fund in the form of maintenance levy and a planned expenditure of \$25,000 for specialist advice on heritage issues which has yet to be spent.

9. For the Harbourview Orangihina Fund, \$84,000 was included in the 2009/2010 Annual Plan to be spent on fencing and related incidental costs. The expenditure to date is \$18,750.
10. A budget of \$30,000 on various community grants was approved to be funded from the Community Wellbeing Fund during the Annual Plan 2009/2010. These grants were paid out in August and September 2009.

#### **STRATEGIC CONTEXT**

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

#### **CONSULTATION**

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

#### **RESOURCES**

13. This report has no resource implications.

#### **IMPLEMENTATION ISSUES**

14. There are no implementation issues in respect of 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:** Khee Mee Soo, Deputy Director: Finance.



## **8 BORROWING AND INVESTMENT REPORT**

### **GLOSSARY**

Finance and Operational Performance Committee	(the Committee)
Integrated Treasury Group	(the ITG)
Liability Management and Investment Policy	(the Policy)

### **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 (the Policy). It provides information on the Council's borrowing and investment activities over the past month and also high level information on current financial market conditions. From time to time additional and more detailed information is requested on particular areas of interest by the Committee or other Committees.

## **RECOMMENDATIONS**

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

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

## **BACKGROUND**

1. The Council enters into treasury related financial contracts in the ordinary course of its business. It is the role of the Council's Funds Management section to manage such contracts and the impact that they have on the organisation. All funds management transactions are governed by the Liability Management and Investment Policy prepared in compliance with the Local Government Act 2002. As a requirement of that Policy this report informs the Committee on the current and future movements of the Council's debt and cash investments, and provides a general commentary of financial market conditions.
2. The relevant portfolio and graphs reflect the estimated position as at 28 February 2010 and are attached at pages A26 to A31.

A26-A31

## **DECISION MAKING**

3. The Committee is requested 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 Plans and Long Term Council Community Plans, 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 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 AA- long term (Stable 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.

<b>Financial Ratio</b>	<b>Actual 2007/2008</b>	<b>Budget 2009/2010</b>
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 left its Official Cash Rate unchanged at 2.50% after their Monetary Policy Statement on 11 March 2010. This continues with the bank's medium term strategy of holding its Official Cash Rate firm until the middle of 2010. The next statement is due on 29 April 2010 with further expectations of no change. The 90 day bank bill has traded approximately between 2.65% and 2.75% over the past 2 months which is a fair indication that the financial market does not anticipate much will change to the Official Cash Rate before June 2010. Once the Reserve Bank begins to signal future increases, the 90 Day Bank Bill will immediately begin to price in the new expectations. The questions will be, by how much will the cash rate be increased, and how quickly. Historically, the Reserve Bank increased or decreased by 0.25%, however, with the current cash rate set at 2.50%, it is possible that any rate increase is of larger magnitudes of 0.50%.

#### **Integrated Treasury Group Update**

10. Following on from the decisions reached by the Integrated Treasury Group (ITG), Auckland City Council has now successfully issued \$350 million of retail bonds. Council was then on lent \$84.5 million of these funds on terms equal to those achieved by Auckland City Council. This results in Waitakere City Council refinancing maturing debt with at a fixed interest rate of 6.28%. As with prior decisions reached within the ITG, no action will be taken by any of the councils who received proceeds from the bond issue. This means that the bond will remain fixed and no interest rate risk management tool will be used to swap the interest rate exposure to floating.
11. Retail bond issues tend to have higher administrative costs and as agreed within the Integrated Treasury Protocols, Auckland City Council will recover the cost of the issue proportionately from those councils who participated in it. Council received 24.14% of the proceeds and will therefore be accountable for the same percentage of the costs. Adding the annualised costs to the coupon, the all up cost of funds from the issue is approximately 6.46%, which is almost 1% greater than the average interest rate assumed for the first year of the Council's Long Term Council Community Plan 2009-2019. The decreased amount of loan funded capital expenditure expected to be undertaken within the 2009/2010 assists in offsetting the higher interest rate achieved in the bond issue.

## STRATEGIC CONTEXT

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

### Preferred Option

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

## 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.



## PART D - GENERAL

### 9 COUNCIL CONTROLLED ORGANISATIONS – DRAFT STATEMENTS OF INTENT FROM JULY 2010

#### **GLOSSARY**

Statement of Intent/ Statements of Intent	(SOI/s)
Council Controlled Organisation/s	(CCO/s)
Local Government Act 2002	(LGA 2002)
Waitakere City Holdings Limited	(WCHL)
Waitakere Properties Limited	(WPL)
Waitakere Enterprise	(WE)
Local Government (Auckland Law Reform) Bill	("Third Bill")
Auckland Transition Agency	(ATA)

#### **EXECUTIVE SUMMARY**

The Finance and Operational Performance Committee has the delegated responsibility for making comment on the Draft Statements of Intent (SOIs) for Waitakere's Council Controlled Organisations (CCOs) / Trading Organisations. In accordance with the Local Government Act 2002 (LGA 2002), which specifies the content and requirements of the SOIs, the final SOIs need to be completed and delivered to Council in its capacity as a shareholder on or before 30 June each year.

This report presents the Draft SOIs for Waitakere City Holdings Limited (WCHL), Waitakere Properties Limited (WPL) and Waitakere Enterprise (WE), effective from 1 July 2010. These Draft SOIs have been prepared within the context of the transition to the Auckland Council on 1 November 2010. They address the requirements of the LGA 2002, the Local Government (Tamaki Makaurau Reorganisation) Act 2009, the Local Government (Auckland Council) Act 2009, and the Local Government (Auckland Law Reform) Bill ("Third Bill") which is due to be enacted mid-2010. Council officers, including Directors and the WCHL Board have reviewed these documents and comments on key updates and features of the 2010 documents are included within the report.

The possible early disestablishment of WCHL on 30 June 2010, rather than the scheduled date of 1 November 2010, is also raised as an issue for consideration.

The Chairman of the WCHL Board will be available at the meeting, to provide further comment or explanation as required. He will be supported by the Director: Corporate and Business Services and representatives for WPL and WE.

#### **RECOMMENDATIONS**

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

1. **Receive** the Council Controlled Organisations – Draft Statements of Intent from July 2010 report.
2. **Agree** to provide feedback on the Draft Statements of Intent commencing 1 July 2010 for Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise.
3. **Agree** to delegate authority to the Director: Corporate and Business Services to formalise Council's feedback on the Statements of Intent commencing 1 July 2010 for Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise.

4. **Agree** to delegate authority to the Deputy Chairman of the Finance and Operational Performance Committee to provide final sign-off on Council's feedback on the Statements of Intent commencing 1 July 2010 for Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise.
5. **Agree** that the Director: Corporate and Business Services, with the Auckland Transition Agency and Waitakere City Holdings Limited, investigate and report back on the recommended timing and work programme for the disestablishment of Waitakere City Holdings Limited.

## BACKGROUND

1. In accordance with the LGA 2002, Draft SOIs are required to be delivered to Council by 1 March 2010 and the Boards of the CCOs must consider shareholder comments and finalise these documents on or before 30 June each year. Subsequent to the governance review of all Waitakere CCOs in 2008/2009, WCHL has responsibility for negotiating the annual SOIs between Council (as shareholder) and itself, and with WPL and WE as its reporting entities.
2. All of the Waitakere CCOs are currently working to understand the implications of the proposed changes to the governance and longevity of their operations under the new Auckland Council and the updated legislative requirements of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, the Local Government (Auckland Council) Act 2009 and the "Third Bill" (to be enacted mid 2010).
  - WCHL has been identified as a terminating entity and it will be disestablished on 1 November 2010 (the function of this entity is undertaken within councils across the rest of the Auckland region).
  - WPL will transfer across to the proposed Property Holdings CCO.
  - WE will transfer across to the proposed Economic Development, Tourism and Events CCO.
3. It is envisaged that once the new CCOs are established from 1 November 2010, new SOIs may also have been developed by the Auckland Transition Agency (ATA), which will reflect the primary purpose of the new entities and the strategic priorities of the new Auckland Council (once they are established). In the meantime, transferring entities (WPL and WE) will continue to work in accordance with the approved budgets and SOIs finalised for 1 July 2010 through to at least 31 October 2010 (and possibly through to 30 June 2011). It is understood that all CCOs will have the option to complete a 16 month annual report and audit (for July 2009 through to October 2010). In accordance with the provisions of the "Third Bill", performance reporting for existing / transferring CCOs, for the period of July 2010 to October 2010, needs to be presented to the new Auckland Council by 31 December 2010 and will constitute the 'Half-Yearly' report for 2010/2011 as defined in the LGA 2002.
4. Prior to the announcement on regional governance changes, it had been envisaged that substantive changes to SOIs would not have been required this year, as all documents were revised and updated within the context of Waitakere's governance review of its CCOs in 2008/2009. The priority for the Council, WCHL and its reporting entities, is now to ensure a smooth transition across to the new governance structures and proposed CCOs for Auckland. This entails providing cooperative and proactive responses to ongoing information requirements of the ATA, and ensuring that ongoing work programmes and associated budgets are well packaged for logical and tidy hand-over and delivery by the new Auckland Council.

## DECISION MAKING

5. This report is to update the Finance and Operational Performance Committee and seek feedback on the Draft SOIs of WCHL, WPL and WE.

## Issues

### Waitakere City Holdings Limited (WCHL)

A32-A57

6. The Draft SOI for WCHL, commencing from 1 July 2010, is attached at pages A32 to A57. Updates to this document are based on the indications of the "Third Bill", the ATA Discussion Documents on Local Boards and CCOs, and the recommendations of the WCHL 2008/2009 Audit and Management Report. Key changes to note include:

- Priority focus for WCHL to demonstrate leadership and support for group subsidiaries during the period of transition to new governance structures established for Auckland's CCOs.
- Updated financial information and details for Directors.
- Updated reference to Auckland Film Studios Limited (Prime West Management Limited underwent amalgamation in December 2009 and functions are now encapsulated within the re-branded Auckland Film Studios Limited. Council holds a direct investment of 44.45%).
- Inclusion of external objectives/outcomes which show or indicate potential benefit to third parties or stakeholders.

7. WCHL has been identified by the ATA as an entity for disestablishment on 1 November 2010, as it undertakes functions that will be undertaken by the new Auckland Council. Council officers could investigate an early disestablishment for WCHL on 30 June 2010. Substantial time and an agreed process is required to close down entities such as WCHL but there are potential savings in Directors / insurance fees, administrative support and associated costs.

8. The timing, process and associated costs for the early disestablishment of WCHL will need to be confirmed through external advisors, however the general stages involved would include the following:

- Make formal decision to prepare for liquidation (and have this decision approved by the ATA).
- Independently value the \$2.3 million WPL shareholding which WCHL currently holds on the behalf of Council, and transfer that shareholding back to Council.
- Transfer the remainder of the WCHL \$1.4 million investment fund (surplus capital) back to Council.
- Announce liquidation and appoint a local liquidator with a final disestablishment audit and then undertake resolution of outstanding tax implications.

A58

9. An overview on the key implications of disestablishment on 30 June 2010 versus 31 October 2010 is attached at page A58. If the Finance and Operational Performance Committee is supportive of Council officers investigating this matter further, a work programme will be developed and brought back for consideration and decision by the Council.

### Waitakere Properties Limited (WPL)

10. The role and structure for the proposed Property Holdings CCO have not yet been finalised by the ATA, therefore the future ownership and delivery mechanism for property services has not been resolved. Discussion documents released by the ATA suggest that property development functions will be provided within the Auckland Council direct (Chief Financial Office / Property / Capital Projects Programme). This will have a significant impact on the current operations and proposed work programme for WPL. Both Council and WPL have sought clarification on this matter through the formal feedback process with the ATA.
- A59-A74 11. The Draft SOI for WPL, commencing 1 July 2010 is attached at pages A59 to A74. There are no substantive changes from last year's document.
12. Possible updates to the WPL Draft SOI are suggested as follows:
- Recognition of the legal requirements of the additional Auckland governance legislation;
  - More explicit provision for proactive and cooperative response to information requirements of the ATA, as work progresses to transition across to the new governance structures established for Auckland's future CCOs;
  - Amend Section 4.2 (Business Objectives) to include explicit reference to Trust Projects meeting urban design and associated objectives of Council; and
  - Performance measures in place for all performance goals (for example 'being a good employer' by ensuring that the requirements of section 36 of the LGA 2002 are met, or through reference to employee turnover as a benchmark and indicator, and 'anticipating and meeting the customer's needs' by ensuring that there are no surprises and Council is advised early on any major issues). Suggested updates are provided as italicised bullet points within page 8 of the attached draft SOI for WPL.
13. It is noted that further changes to the Draft SOI for WPL may be required in respect of the following matters:
- The Council currently utilises the Declaration of Trust mechanism for property developments undertaken by WPL. The ATA may not support these projects and may not support the Trust mechanism as a delivery model for the new Auckland Council. In its draft Annual Plan 2010/2011, Council has provided for both capital expenditure for major development projects and operational budget for WPL. The Council may need to allocate these funds as direct payments; and
  - If the Council decides to disestablish WCHL from 30 June 2010, then all references to WCHL governance and shareholder investment in WPL will need to be updated.

### Waitakere Enterprise (WE)

14. It is envisaged that the local footprint and programmes of WE will continue through its transfer to the proposed Economic Development, Tourism and Events CCO. It is noted that whilst WE's TrainSmart programme is not currently recognised in the model proposed by the ATA, there is likely to be discretion for local economic development agencies to continue to target and deliver programmes that meet local needs and funding arrangements.
- A75-A99 15. WE's Draft SOI commencing 1 July 2010 is attached at pages A75 to A99. Updates from last year's document include:

- Four-monthly (July - October 2010) and Annual (July 2010 - June 2011) performance objectives (versus annual and three-yearly). It is anticipated that the proposed Economic Development, Tourism and Events CCO will come into effect with a new SOI from 1 November 2010, and that this SOI will incorporate key elements of the SOIs and budgets associated with its transferring entities;
- Section 10 - Removal of financial policies to establish a cash reserve as working capital to invest in new programmes and activities and to enter into new memorandum of understandings / partnerships or joint ventures (no longer feasible or appropriate during this time of transition and consolidation);
- Section 13 - More generic statement around information to be provided to the Council (more specific reporting hierarchy will depend upon the governance and reporting structures of the new Auckland Council);
- New section (Section 15) on the Central Government Business Assistance Review implications. From July 2010, central government will no longer provide funding to support capability development for all small-medium enterprises (WE's current BIZ service and Enterprise Training Programmes). Instead, business assistance packages will be targeted at high growth potential clients, particularly those with export potential (central government target market of 3% of the total business population). WE has updated their SOI to accommodate these funding changes and will be working to secure the regional partner role for delivery of a commercial model in this arena; and
- Addition of new programmes and initiatives for business information, training and mentoring, higher-tier business networking, workplace literacy services and a pre-trade class with UNITEC and Trusts' funding.

## STRATEGIC CONTEXT

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

## CONSULTATION

18. Engagement has occurred with the Chairmen and Chief Executives of WCHL, WPL and WE, and with Council's Directors Group. Representatives for WPL and WE attended WCHL Board Meetings on 21 January and 24 February 2010 and presented information in support of the development of their draft SOIs.
19. Consultation has also been undertaken with staff across Council who engage directly with Waitakere's CCOs - these include Democracy and Support Services, the Finance Directorate, Legal Services, Strategic Planning (Economic Development Strategy) and the Development and Investment Group (formerly known as Strategic Projects).

## RESOURCES

20. The resources required to support the WCHL Board in its operations and reporting requirements continue to be met through the prioritisation of work programmes for existing Council staff resources.

## IMPLEMENTATION ISSUES

21. Current legislation requires that CCOs “consider any comments” of its shareholder (Council) in finalising their SOIs. This provides the CCOs with an element of discretion in how the recommended changes are incorporated within their final documentation.
22. There is a degree of uncertainty over the implementation of approved SOIs for the eight month period of November 2010 – June 2011, as it is anticipated that the newly established CCOs of the Auckland Council may have SOIs that supersede existing documentation.

## AUCKLAND COUNCIL TRANSITION ISSUES

23. 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.
24. Council officers continue to ensure that WCHL, WPL and WE are kept up to date with the transition processes and that the ATA is provided with responses to all information requests.

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



## 10 WATERCARE SERVICES LIMITED DRAFT STATEMENT OF CORPORATE INTENT 2010 AND FUNDING PLAN 2010

### GLOSSARY

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

### EXECUTIVE SUMMARY

The purpose of this report is to present the Watercare Services Limited (Watercare) draft Statement of Corporate Intent and Funding Plan for the Finance and Operational Performance Committee's consideration and feedback. Council's feedback on the draft Statement of Corporate Intent and Funding Plan will contribute to the finalisation of the content of the two documents.

## RECOMMENDATIONS

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

1. **Receive** the Watercare Services Limited draft Statement of Corporate Intent 2010 and Funding Plan 2010 report.
2. **Approve** Council's feedback on Watercare Services Limited draft Statement of Corporate Intent 2010, that Watercare Services Limited consider the financial impact of standardising levels of service of water retailers and specific feedback on retailer measures.

## **BACKGROUND**

1. Watercare is the bulk water and wastewater service provider for much of the Auckland Region. Its main responsibilities are the collection, treatment and supply of drinking water, and the collection, treatment and disposal of bulk wastewater. Watercare is classified as a "Council Organisation" and is governed by specific legislative provisions set out in the Local Government Acts 1974 and 2002.
2. Watercare's primary customers are six water and wastewater retailers, five of which (including EcoWater) are owned by or are part of the local Councils. United Water, which services the Papakura District, is a franchised operation.
3. The six local councils are Watercare's shareholders. The councils have appointed a Shareholders' Representative Group (SRG) which appoints the Board of Watercare, provides input to Watercare's Statement of Corporate Intent (SCI), and monitors the performance of the Board against the SCI. Watercare negotiates the SCI with the SRG each year. The SCI is effectively the Board's charter for running Watercare on the shareholders' behalf. It lays out the activities to be undertaken by Watercare and sets specific environmental, social and economic objectives for Watercare for a three year period. It also sets performance targets that will be used to measure Watercare's performance.
4. Council has two representatives on the SRG, Councillors Clews and Clow. An Officers Working Group (OWG) with representatives from the shareholder councils supports the SRG. The Local Network Operators group (LNOs), comprising the six retailers often provide advice to the OWG on matters of common interest.
5. Unlike previous years due to uncertainty in information around the water wholesale and retail amalgamation and tight transition timeframe a workshop was not held to discuss future issues to be considered by the company in developing its draft SCI.
6. Watercare has produced its draft SCI that covers both the wholesale and retail performance criteria and has presented this and its funding plan to shareholding Councils for feedback.
7. Shareholding councils feedback on the Watercare's SCI will be consolidated by the SRG and presented to Watercare for consideration when finalising its SCI.
8. Council will receive the final Watercare SCI for approval in June 2010.

## DECISION MAKING

### Issues

#### Watercare SCI

- A100-A118*
9. Watercare is seeking feedback on its draft SCI 2010 from shareholding councils. The draft Watercare SCI 2010 is attached at pages A100 to A118.
  10. Council officers have reviewed the draft SCI 2010 and are satisfied with the content of the document with the exception of performance measures relating to the retail business.
- A119-A120*
11. Overall, Council recommends that Watercare considers the financial impact of standardising water retailer performance measures in the draft SCI 2010; given that water retailers deliver different levels of service using current contracts. A list of specific recommendations on retailer performance measures is attached at pages A119 to A120.
  12. The feedback by the shareholding councils on the draft SCI 2010 will be consolidated by the SRG and then forwarded to Watercare for consideration.

#### Watercare Funding Plan

- A121-A134*
13. Watercare has produced its draft Funding Plan dated February 2010. The draft Funding Plan has been forwarded to shareholding councils to inform them of future water and wastewater costs. The draft Funding Plan is attached at pages A121 to A134.
  14. The changes compared to the 2009 Funding Plan are minor. The changes in price of water and wastewater are similar to those forecast in the 2009 Funding Plan.

## STRATEGIC CONTEXT

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

## CONSULTATION

17. The SRG will seek approval of the final Watercare SCI by the Auckland Transition Agency once the final SCI is approved by the Shareholders, in accordance with the requirements of the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

## RESOURCES

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

## IMPLEMENTATION ISSUES

19. There are no implementation issues.

## AUCKLAND COUNCIL TRANSITION ISSUES

20. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 section 31(4)(n) imposes restrictions on Waitakere City Council's decision making capabilities in respect of agreeing to the statement of intent of a council controlled organisation.
21. The SRG will seek approval of the final Watercare SCI by the Auckland Transition Agency, on behalf of the shareholding councils.

**Report prepared by:** Kingsha Changwai, Manager Assurance Services and Tony Miguel, Deputy Director City Services.



## 11 COMMUNITY SPORT FUND FUTURE

### GLOSSARY

Community Sport Fund	(CSF)
Sport and Recreation New Zealand	(SPARC)
Auckland Communities Foundation	(the Foundation)
Finance and Operational Performance Committee	(FOP)

### EXECUTIVE SUMMARY

Council's Community Sport Fund (CSF) balance at 31 December 2009 was \$975,000. Interest earned from the CSF contributes to sport development in the City through a contract with Sport Waitakere to fund a Sport Development Officer.

The CSF is a result of the former Hillary Commission funding provided to councils to support sport development in their territorial areas. When the Hillary Commission was superseded by Sport and Recreation New Zealand (SPARC), SPARC allowed the councils to retain the CSF for the continued purpose of developing sport in their territory. Each council was given the autonomy to best decide how that money should be invested in community sport with the result being some councils spent money on projects whereas others, such as this Council, took a sustainable approach to utilising the CSF by using the interest earned.

This report explores options for Council to consider for the future administration and utilisation of the CSF to ensure the original purpose of the fund remains and the people of Waitakere get best benefit from the CSF.

The purpose of this report is to advise the Finance and Operational Performance Committee (FOP) of the current usage of the CSF, to determine if the CSF should be invested in the short or long term and to seek approval from FOP to call for formal proposals for the future management of the CSF.

## RECOMMENDATIONS

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

1. **Receive** the Community Sport Fund Future report.
2. **Either**
  - (a) **Agree** to the Community Sport Fund being aligned to the Leisure Facility Partnership Fund for capital investment in community projects which align to the original intention of the Community Sport Fund, that being sport related.or
  - (b) **Agree** to retaining the sustained approach of the Community Sport Fund and continue to utilise the profit from principal investments to fund sport development initiatives.
3. **Either**
  - (a) **Agree** that if it is determined the Community Sport Fund be aligned to the Leisure Facility Partnership Fund then Council officers report back on the projects suitable for infrastructure development.or
  - (b) **Agree**, subject to resolution 4 below, that if the sustained approach to the Community Sport Fund be retained and profit from principal investments continue to be used to fund sport development initiatives, then the Council officers will formally call for proposals from community organisations for the future management of the Community Sport Fund for Council to evaluate at a future Finance and Operational Performance Committee meeting.
4. **Agree** that recommendation 3(b) above is subject to approval by the Auckland Transition Agency.

## **BACKGROUND**

1. In February 2002, a new government agency was formed to govern sport and recreation in New Zealand. The agency, known as SPARC, was a merger of the Hillary Commission, New Zealand Sport Foundation and the policy arm of the Office of Tourism and Sport and came about as a result of the recommendations in the 2001 Getting Set for an Active Nation taskforce report.
2. In announcing its strategic direction in June 2002, SPARC included a decision to cease the annual funding of community sport development through the CSF. This fund, administered through territorial local authorities, supported local sport and recreation projects and initiatives. The Hillary Commission required a priority be placed on initiatives which supported volunteers, coaches and leaders in sport and in addition the development of junior sports with links between schools and community based sports clubs was encouraged.

- A135
3. Following termination of the CSF, SPARC advised Council that any remaining CSF balance held within Council could be used or distributed in a manner consistent with the desired outcomes of the CSF as set out by the Hillary Commission (see attachment at page A135). Council elected to take a sustainable approach to the CSF by utilising it to fund low interest loans to sports clubs and to utilise the interest on the principal to provide contestable grants to local clubs and groups. Other councils within the Auckland region elected to utilise their CSFs as grants for capital projects and as a consequence no longer hold CSFs. Waitakere City Council and Auckland City Council are the only two councils with CSFs remaining with \$975,000 and approximately \$1 million respectively held on balance sheets.
  4. In December 2007, FOP resolved to move away from a direct grants and loans scheme to utilising the CSF interest to support sport development through Sport Waitakere as follows:

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

2. *That the Sports Loan Fund and the Community Sport Fund are no longer available for sports clubs to apply to.*
3. *That the interest from the Sports Loan Fund be used as a direct grant to Sport Waitakere to fund a Sport Development officer to develop the Club Mark Programme capped at \$50,000 per annum”.*

3938/2007

5. Council currently has a contract with Sport Waitakere to fund a sport development officer. At the time of making the above resolution Club Mark was the sport development tool utilised however this was an Accident Compensation Corporation initiative, which has subsequently ceased. Sport Waitakere now operate the Organisation Development Tool, supported by SPARC, which is used to assist clubs with self assessment and develop organisational improvement and excellence.
6. The decision by the FOP recognised that Sport Waitakere was the principal organisation to address sport development issues but needed the additional resources to ensure they were able to deliver. Utilising the CSF, Sport Waitakere have been successfully working with sports clubs to improve governance, management, sustainability and coaching issues, all of which are primary outcomes of the CSF. These outcomes are monitored via surveys with clubs which have been through the Organisation Development Tool programme.

## **DECISION MAKING**

### **Issues**

7. The contract with Sport Waitakere, funded from the CSF expires in June 2010 and it is an appropriate time for Council to consider the best use of the CSF for the community into the future. A number of options have been identified for the Committee to consider. The first decision is whether to commit or spend the grant money in the next year or whether to continue to invest the money and spend the interest only. Each of these two options then has options for methods to implement them.

## Options Identified

### Option 1 - Invest principal

#### 1a - Align with Leisure Facility Partnership Fund

8. Investing the principal fund into capital projects would see the fund benefiting the Waitakere community for the long term and could therefore be considered a long term and sustainable investment. The Leisure Facility Partnership Fund is currently open for registrations of interest and by early April 2010 Council will know what community projects are applying for the 2010/2011 budget. The CSF could be added to the 2010/2011 Leisure Facility Partnership Fund budget which would allow for either more projects to be supported or provide support for a more significant project. The only issue to resolve is that applicants to the Leisure Facility Partnership Fund can include non-sporting and active recreation projects, however it would be possible to manage this technicality during the evaluation process and only allocate the CSF portion to sporting based projects. This would use up the CSF but invest it locally in sporting infrastructure.

#### 1b - Invest in a Council project

9. Council could invest the principal fund in one of its own projects so long as it is a sport and active recreation project benefiting the community. This option would allow for a faster resolution and delivery of a project than the Partnership Projects scheme (which have taken two to three years to get to construction), however, there is a risk that Council will be perceived as funding pet projects and which is why the Leisure Facility Partnership Fund was introduced.
10. Some projects on the Council radar at present which could be considered:
  - Te Rangi Hiroa - Investment to meet the objectives of the Reserve Management Plan;
  - Additional Artificial Turf developments (location to be determined); and
  - Recreational cycling improvements on Scenic Drive.

### Option 2 – Invest Principal and Use Interest Only

11. The current system is to retain the principal fund and invest the income earned through bank interest rates. At present Leisure Services budgets \$50,000 per annum, as interest earned, and has a contract with Sport Waitakere to employ a sport development officer to work with sports clubs through the Organisation Development Tool programme.
12. If Council should decide to continue this sustainable investment practice of retaining the principal and investing the interest then two questions need to be asked. The first is should Council retain the CSF and continue to manage this itself or should it be entrusted to a third party for investment and expenditure in line with Council's wishes. Secondly a decision is also required about the best way to use the income from investment going forward. These two questions are interlinked because if the answer to question one is that Council should transfer the responsibility of managing the CSF then a contract will need to be drafted which will set out how the fund will be managed and invested.

13. Council's legal department have advised that it is possible to entrust the CSF to a third party, with a contract that ensures the fund remains sustainable and to deliver the outcomes sought for the community as per the original intention of the CSF. The risk of passing over a large fund to any organisation is that the purpose is not maintained and the fund is utilised for purposes which were not originally intended. If this option is to be considered then an organisation which is trusted and fit for purpose should be selected. Council's legal department would provide Council with a secure contract document to ensure the risk of erroneous management of the fund is minimised.
14. Options for third party management are:
- New Trust formed;
  - Sport Waitakere;
  - Active Waitakere;
  - Don Oliver Youth Sport Foundation;
  - Auckland Communities Foundation; or
  - Other unidentified organisation.

#### **New Trust**

15. A new Trust could be established which would specifically meet the needs of the CSF and Waitakere. Whilst this would allow a constitution and charter to be custom designed to meet the objectives of the CSF, it would be time consuming to do so and would have no track record, where as some of the other organisation options do.

#### **Sport Waitakere**

16. Sport Waitakere is the Regional Sports Trust for Waitakere delivering sport and active recreation expertise and opportunities for the local community. Council enjoys an excellent relationship with Sport Waitakere evidenced by the current three year Partnering Agreement between the two organisations. 80% of Sport Waitakere funding comes from SPARC so the organisation is financially stable and is considered one of the best performing Regional Sports Trusts in the country at present.
17. Sport Waitakere have played a leadership role in some key partnership projects in the Waitakere and in particular Active Waitakere. The current government have launched 'Kiwi Sport', through the Regional Sports Trust, with the intention to develop sport through the school environment. The Kiwi Sport initiative is a considerable project for the Sports Trusts and funding from the Government does not support the administration costs.
18. There is some risk with Sport Waitakere managing the CSF where it would also be using the money for its own activities. A governance and management model which ensures the security of the fund will be critical.

### Active Waitakere

19. Active Waitakere is collaboration between 14 organisations to improve Active Recreation in Waitakere. The lead agency for this group is Sport Waitakere, as Active Waitakere is not a legal entity, with all contracts being managed through Sport Waitakere on behalf of Active Waitakere. If Active Waitakere were to manage the CSF it would need to become a legal entity with independent governance. This would take quite some time to establish the organisation as a legal entity and would likely be after the Auckland Council establishment meaning the new Auckland Council would be asked to transfer the fund to this new entity for investment.

### Don Oliver Youth Sport Foundation

20. The Don Oliver Youth Sport Foundation is a scholarship scheme, set up in the memory of Don Oliver, to assist young sports talent in Waitakere to achieve their sporting excellence goals by providing grants to rising talents. The first intake was in 1998 and in 2009 11 young people were awarded scholarships. Five past Waitakere recipients were selected to represent New Zealand at the Beijing Olympics and five were medal winners at the 2006 Melbourne Commonwealth Games.
21. Whilst the Don Oliver Youth Sport Foundation is focused on elite sports performance, it may be possible for this organisation to manage the CSF for the purpose of youth sport development on behalf of the City. There is, however, a risk that their focus on elite sport will create a narrow focus for the continued use of the CSF however this could be addressed through the terms of contract if needed.

### Auckland Communities Foundation

22. Community foundations are one of the fastest growing forms of community philanthropy in the world according to Philanthropy New Zealand. Community foundations are committed to improving communities in a specific geographic region and do this by pooling the charitable gifts of donors to create permanent endowment funds. Using the income from these funds community foundations make grants that support a wide range of community needs. Community foundations hold donors' gifts in a variety of different types of endowment funds that are invested by the foundation. The capital is held permanently and the income is used to make grants to community organisations, thus ensuring support to the community year after year. Types of endowment funds include:
  - Unrestricted funds where the income can be used for any community purpose;
  - Field of interest where the funds are pooled to be used for a specific purpose such as children and youth, the arts, the environment, welfare projects, education, health etc; and
  - Donor advised funds where the donor recommends grants to specific organisations, often after discussing current needs with community foundation staff. Funds may be named after the donor or another family member or a company. This allows the donor to be remembered on a permanent basis.
23. The Auckland Communities Foundation (the Foundation) has evolved out of the previous Manukau Community Foundation and is a response to the Auckland local government restructure. Whilst the Foundation has the experience of the Chief Executive of the Manukau Community Foundation, it is currently setting up a new governance structure and trustees to reflect the regional role it intends to play. The Manukau Community Foundation will merge with the Foundation and all current donations will continue to be managed as per their original intent.

24. Council could consider using the Foundation to hold and administer the CSF as a ring fenced fund on behalf of the community of Waitakere. A contract with the Foundation would be produced to specify the terms and conditions of investment. The Foundation could continue funding sport development through Sport Waitakere if Council so desired. The Foundation would also commit to grow the fund for further community benefit.
25. The Foundation will have a two tier governance structure whereby the top layer manages the overall Foundation and sub governance structures administer the individual funds. It is therefore possible to set up a subcommittee comprising local representatives with interests in sport development be formed to manage the CSF moving forward.

#### **Other Unidentified Organisations**

26. There may be other unidentified organisations that are capable of administering the CSF and delivering on the goals of the CSF. Without some form of public notification process calling for registration of interest to manage the CSF it will be difficult to identify other suitable organisations.

#### **Contract conditions**

27. In developing a contract for the transfer of the CSF, if this is decided to be the best course of action, then the conditions of the contract need to be determined. Consideration should be made to the level of autonomy the fund holder has in fund management, governance, management and allocating future funds. The contract can be as prescriptive as stating that the income must only be used to fund a Sport Development officer for Waitakere through to giving full autonomy to deciding how the interest is used so long as it is for the benefit of sport in Waitakere. This could include grants, funding equipment or sport development for example.
28. It is possible for Council to create a contract with any of the above organisations to control the future investment of the CSF for the benefit of Waitakere. All assessed Waitakere organisations have a good reputation, governance and relationship with Council and could manage the CSF confidently.

#### **Assessment of Options**

29. Investing the principal funds of the CSF on local infrastructure will see the CSF contributing to Waitakere projects which will have long term benefit to the community through the built facilities. The CSF, however, only has enough money to support a handful of projects and as such the benefit could be confined to a narrow market segment whether that be geographical, social or interest based. If Council were to consider investing the principal then it would be prudent to add the CSF to the Leisure Facility Partnership Fund so that projects could be assessed at one time and compared against each other for maximum community benefit.
30. Investing the CSF on council projects is not recommended as the original intent of the CSF was to invest in community initiatives not councils. When the CSF was a contestable fund, Council policy was that the CSF could not be used for its own projects and whilst this is no longer a contestable fund the intent should remain. Additionally, supporting community projects has better community outcomes and better aligns with Council partnership strategies.

31. The alternate option, to investing the CSF on capital projects, is to continue with the current policy of retaining the principal and using the income to fund sport development initiatives. This approach would see the CSF continue to benefit the community in perpetuity. If this is desired then the CSF should be transferred to a third party to manage and administer. Analysis of all options is contained in the tables below:

	Options	Pros	Cons
1a	Align to Leisure Facility Partnership Fund	<ul style="list-style-type: none"> <li>• Policy and process already exists</li> <li>• Applicants to 2010/2011 fund will be known by April 2010</li> <li>• Supports community initiated projects</li> <li>• Help meet Council objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Projects take long time to get off the ground</li> <li>• CSF could be in Auckland Council control by the time funding decisions made</li> <li>• Risk Auckland Council does not follow through with partnerships</li> </ul>
1b	Council projects investment	<ul style="list-style-type: none"> <li>• Able to progress immediately with identified projects</li> <li>• Projects identified in existing plans or strategies</li> <li>• Projects completed sooner than community driven projects</li> </ul>	<ul style="list-style-type: none"> <li>• Limited consultation</li> <li>• Risk that resources (staff) limited due to Auckland Council restructure</li> <li>• Original CSF policy did not allow Council spending the fund. By the time consultation and policy change made the Auckland Council will be established.</li> </ul>

**Table 1: Spend on Infrastructure Option Analysis**

Options	Pros	Cons
New Trust	<ul style="list-style-type: none"> <li>• Can be custom designed to meet the CSFs current objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Another local trust formed</li> <li>• Will take time to establish</li> </ul>
Sport Waitakere	<ul style="list-style-type: none"> <li>• Relationship with Council excellent</li> <li>• Financially secure with main funding from SPARC</li> <li>• Territory already defined for Waitakere</li> <li>• Dedicated to sports development</li> </ul>	<ul style="list-style-type: none"> <li>• SPARC may change investment policy with Sports Trusts eg. may consolidate Auckland Regional Sports Trusts</li> <li>• Change in Board or management may lead to policy changes not supported by Council</li> </ul>
Active Waitakere	<ul style="list-style-type: none"> <li>• Collaborative group</li> <li>• Focus on active recreation, including sports</li> <li>• Dedicated to the current Waitakere boundaries</li> </ul>	<ul style="list-style-type: none"> <li>• Not a legal entity</li> <li>• Not only sport focused but also health, physical activity etc</li> </ul>
Don Oliver Youth Sports Foundation	<ul style="list-style-type: none"> <li>• Sports focused organisation</li> <li>• Dedicated to the youth of Waitakere</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on elite sports development only</li> </ul>

Options	Pros	Cons
Auckland Communities Foundation	<ul style="list-style-type: none"> <li>• Appears to have broad regional political support</li> <li>• Able to tailor investment to donor needs and wishes</li> <li>• Subcommittee representing Waitakere interests can be formed</li> <li>• Secure governance structure proposed</li> <li>• Able to build the CSF fund through donations and investment strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Organisation in change</li> <li>• Governance not yet regionalised</li> </ul>
Status Quo (retain funds in Council to invest)		<ul style="list-style-type: none"> <li>• Risk CSF fund absorbed into regional pot and/or not invested in sports development at all</li> </ul>

**Table 2: Invest Principal and Use Interest Only Options**

### Consideration of Community Views

32. No consideration of community views has been made at this stage although Sport Waitakere has been told we are examining options for the fund.

### Preferred Option

33. It is up to FOP to decide if it wishes to spend the principal in local infrastructure or to continue a sustainable approach to the CSF by investing the income from the principal only. If the decision is to use the principal for infrastructure then the recommended option would be to align the funding to the Leisure Facility Partnership Fund so that either more community projects are delivered or better investment in community projects occurs.
34. If the invest and spend interest only approach is taken then the preferred option would be to further investigate the possible options in more depth and enter into discussions with the various parties to understand how they might manage and use the fund for best community impact. A publicly notified process should be embarked on to evaluate the best proposals for the future management and investment of the fund and these would be brought back to FOP.

### STRATEGIC CONTEXT

35. The CSF was originally a national strategic investment by the Hillary Commission to develop sport within local communities. When SPARC superseded the Hillary Commission as the national sporting agency the CSF was disestablished but any funds held in Council could be retained and invested along the policy guidelines previously set by the Hillary Commission.
36. Council continues to utilise the CSF to help develop sport as a valuable social tool in the community. Sport provides an opportunity for the community to participate in a social environment and provides an essential recreation outlet. Supporting sport meets key outcomes of the Social Strategy namely that everyone feels connected to their communities, neighbourhoods and environment.

## CONSULTATION

37. No public consultation has been undertaken to date.

## RESOURCES

38. There are no resource implications other than officer time to produce a contract.

## IMPLEMENTATION ISSUES

39. There are no implementation issues at this stage.

## AUCKLAND COUNCIL TRANSITION ISSUES

40. Implementation of recommendation 3(b) will be subject to the Auckland Transition Agency approval.

41. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of clause 4(f) whereby Council can not purchase or dispose of assets other than in accordance with its long-term council community plan. The CSF is considered an asset of Council although the fund has no impact on rates.

**Report prepared by:** Louis Rattray: Leisure Services Manager.



## 12 YOUTH PROGRAMME FUND ALLOCATION 2009/2010

### GLOSSARY

Finance and Operational Performance Committee	(FOP)
Youth Programme Fund	(YPF)
Community Assistance Funds	(CAF)

### EXECUTIVE SUMMARY

The purpose of this report is for the Finance and Operational Performance Committee (FOP) to assess applications and allocate funding for the Youth Programme Fund (YPF) which is part of the Community Assistance Funds (CAF) 2009/2010. The YPF is a fund to support youth activities run in Waitakere for youth aged between 13 and 20 years of age.

23 applications were received for the YPF 2009/2010 with 14 applications deemed eligible.

### RECOMMENDATIONS

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

1. **Receive** the Youth Programme Fund Allocation 2009/2010 report.
2. **Agree** to consider the Youth Programme Fund applications for 2009/2010 and allocate funding as per the Community Assistance Fund Policy and Guidelines.

## BACKGROUND

1. On 11 November 2002, the City Development Committee agreed that Council support partnerships with organisations that deliver organised youth activities and support services in Waitakere: The City Development Committee resolved as follows:

*“That the Council endorses in principle the development of partnerships with other organisations that deliver organised youth activities and support services in our City.”*

3240/2002

2. A report titled Youth Partnership Initiatives was presented to the June 2003 meeting of the City Development Committee outlining the proposed priorities and criteria for entering into youth partnerships. The City Development Committee resolved as follows:

*“2. That the City Development Committee approves the draft Youth Partnerships Priorities/Criteria.*

*3. That the City Development Committee approves that the partnership agreements be negotiated with existing partnered Youth service providers, and further developed utilising existing networks.”*

1112/2003

3. The draft Youth Partnership Priorities and Criteria detailed in the Youth Partnership Initiatives report are outlined below:

- *“Increasing participation and access by youth in youth-based activities, events and services;*
- *Previous experience in the provision of successful youth activities, events and/or services;*
- *Good support systems in place, in terms of skilled staff and management;*
- *Sound financial record/viability -*
  - i Financial contribution towards programme from provider, e.g. promotions;*
- *Activities/programmes to be held within Waitakere City;*
- *Are beneficial to youth -*
  - i Improving access to information, education and learning opportunities;*
  - ii Improving access to health, leisure and other services essential to mental and physical wellbeing;*
- *Demonstrates a determined need;*
- *Fosters co-operation, partnership and sharing of resources with other youth-focused organisations/programmes;*
- *Fosters cultural diversity in Waitakere City;*
- *Fosters iwi, hapu and Maori development and*
- *Promotes a sense of belonging and identity for the youth of Waitakere City.”*

4. The YPF is broken into contestable funding and funding that is issued through contracts with organisations that run youth programmes and have a partnership with Council.

5. On 10 December 2007 the Finance and Operational Performance Committee resolved to include the YPF as part of the CAF.

*“The Finance and Operational Performance Committee resolved:*

2. *That the Youth Programmes Assistance, Out of School Care, Accommodation Assistance and Fee Waivers funds are amalgamated into the Community Wellbeing Fund.”*

*(3937/2007)*

## **DECISION MAKING**

### **Issues**

6. The YPF was established to support a wide range of Waitakere based programmes for youth between the ages of 13 and 20. The Council is looking for a spread of programmes across Waitakere for youth to attend on a regular basis. The maximum grant is \$5,000 per programme and this funding can be used to pay for staff and volunteer expenses, venue hire, advertising and promotion and/or equipment.

### **Assessment of Options**

7. FOP has 14 eligible applications to consider for financial assistance with the total amount requested being \$65,345 against a budget of \$28,000.
8. When assessing the applications for the YPF the following priority criteria were used:
- Core programme is for sport and recreation, cultural, art or wellbeing activities;
  - Attracts significant numbers of youth on a regular basis;
  - Programme is held outside of school hours;
  - Is located in areas that do not already have regular youth programme/activities and
  - Programme includes components of the youth development model.
9. Other criteria which were considered:
- The positive impact the programme will have on the youth involved;
  - The objectives of the programme;
  - The track record of the organisation running the programme;
  - The sustainability of the programme;
  - The benefit to the wider community and
  - Council will not fully fund programmes and a greater weighting will be given to those programmes that not rely primarily on Council's funding.

### **Preferred Option**

10. Council officers have assessed the 23 applications against the above criteria and the CAF policy and guidelines and recommends the following allocation of funding.

Applicant	Funds Requested	Funds Recommended
Youth Development Trust	\$5,000.00	\$3,000.00
Youthline Waitakere	\$4,300.00	\$2,500.00
Adventure Camp Trust Board	\$5,000.00	\$2,500.00
Te Ukaipo Mercy Initiatives Rangatahi	\$5,000.00	\$2,500.00
Chinese New Settlers Services Trust	\$5,000.00	\$2,500.00
West City Youth Trust	\$5,000.00	\$2,500.00
Vasa Paskifika Creative Learning Trust	\$5,000.00	\$2,500.00
The Village Community Services Trust Board	\$5,000.00	\$2,000.00
Massey High School	\$3,000.00	\$2,000.00
Laingholm Baptist Church	\$6,500.00	\$1,500.00
Glen Eden Baptist Church	\$4,995.00	\$1,500.00
Barnardos Children's Trust - Waitakere	\$1,550.00	\$1,000.00
Women's Centre Waitakere City	\$5,000.00	\$1,000.00
Open Brethren Talauula Sola	\$5,000.00	\$1,000.00
<b>SUB TOTALS:</b>	<b>\$65,345.00</b>	<b>\$28,000.00</b>
New Zealand Comedy Trust	\$4,945.76	Ineligible
The Education Support Centre	\$4,350.00	Ineligible
Muddy Creek Rides Incorporated	\$3,048.00	Ineligible
Washinkai Karate New Zealand	\$3,635.90	Ineligible
United North Piha Lifeguard Service	\$3,650.00	Ineligible
Auckland Bowls Incorporated	\$8,994.00	Ineligible
Henderson Squash Racket Club Incorporated	\$6,416.15	Ineligible
Waitakere City Aquatic Centre	\$50,000.00	Ineligible
New Lynn Sea Scout Group.	\$4,497.36	Ineligible
<b>TOTALS:</b>	<b>\$215,227.17</b>	

A136-A159

11. The summary of all applications is attached at pages A136 to A159.

### STRATEGIC CONTEXT

12. The Community Assistance Policy and Guidelines state that the funds must be allocated to youth programmes that provide assistance in line with Council's strategic priorities and the community outcomes. The Council recognises that the programmes undertaken by community groups, not for profit organisation and individuals make valuable contribution to the community outcomes and the strategic outcomes pursued by the Council
13. The YPF contributes to the following community outcomes: Mauri Ora, Strong Communities, Toiora, Urban and Rural Villages, Vibrant Arts and Culture and Working Together.
14. Council has recently adopted a new strategic framework of six core strategies. The YPF delivers on the Social and draft Cultural Wellbeing strategies. The YPF delivers on "building strong resilient communities" and "informed, resourceful and skilled people" outcome areas. The YPF also contribute to achieving the strategic priorities of the Treaty of Waitangi, Sustainability, First Call for Children, Safe City and Lifelong Learning.

## CONSULTATION

15. In developing the Community Assistance policy and guidelines and the YPF policy and guidelines, a range of consultation was undertaken with Council Officers in Leisure Services, Community Wellbeing and Strategic Planning.

## RESOURCES

16. There is \$50,000 allocated in the 2009/2010 Annual Plan to support youth programmes. Of that \$28,000 is set aside to be allocated as part of a contestable fund through the YPF.
17. The remaining \$22,000 is used to support specific youth programmes that meet the above criteria but which are run by organisations that have long standing partnership with Council.

## IMPLEMENTATION ISSUES

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

## AUCKLAND COUNCIL TRANSITION ISSUES

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

**Report prepared by:** Kim Hammond, Community Grants and Support Officer.



## 13 ZEAL EDUCATION TRUST SIX MONTH PERFORMANCE REPORT 2009/2010

### GLOSSARY

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

### EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee (FOP) on the performance of the ZEAL Education Trust (ZEAL) at the Henderson Youth Facility (the Global Café) during the first six months of the 2009/2010 financial year.

Over the past six months Global Café has hosted 92 concerts, events and workshops with over 19,000 youth visits to the Global Café. Concerts vary in genre from hard rock through to acoustic and cater for different groups of youth making it an all inclusive venue for youth of all ages, cultures and ethnicities.

The Facility Management and Funding Agreement (the Agreement) states three objectives for Global Café:

- Provide programmed activities to harness the creativity and innovation of local youth aged 13-24 years through expressive and performing arts, music and performance;
- To provide a place where Waitakere youth aged 13-24 years have a sense of ownership; and
- Reduce antisocial behaviour, vandalism and undesirable congregating in other inappropriate parts of Henderson.

Key Performance Indicators are defined in the Agreement and ZEAL are assessed against these to determine the successful management of Global Café.

### **RECOMMENDATION**

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

**Receive** the ZEAL Education Trust Six Month Performance Report 2009/2010.

### **BACKGROUND**

1. The Global Café was officially opened on 26 September 2008 and caters for youth aged between 13 and 24 with a focus on music, performance and art.
2. In preparation for the completion of the Global Café, the Agreement was negotiated between the Council and ZEAL for the management of Global Café. The Agreement includes items such as permitted use, objectives, performance measures and responsibilities in regards to asset maintenance and renewal.
3. In October 2009, FOP agreed to the performance measures as part of the Agreement between ZEAL and Council. FOP resolved as follows:

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

2. ***Agree** to the recommended performance measures as part of the Facility Management and Funding Agreement between ZEAL Education Trust and Waitakere City Council.*

*1684/2009*

4. The performance measures were based on the following agreed activities and outcomes:
  - Youth Events and Programmes;
  - Statistical Collections and Facility Usage;
  - Financial Accountability;
  - Marketing and Promotion;
  - Inclusiveness;
  - Youth Development;
  - Youth User Satisfaction Survey; and
  - Programme Plan.

## DECISION MAKING

### Issues

#### Youth Events

5. A target of 72 events annually is set in the Agreement. In the first six months a total of 57 events have been held at Global Café. Thirty-five were run directly by ZEAL while a further 22 were by external organisations using Global Café as a venue.
6. As can be seen by the list of events in Table 1 below the range of event genres is diverse and caters to many youth tastes and cultures which demonstrates the inclusive management of Global Café, which is also a requirement of the Agreement.

	July - September 09		October - December 09	
	Number of Shows	Number Attending	Number of shows	Number Attending
<b>Concerts/Music Events</b>				
Dance Party	1	130	2	100
Rock Indie Events	3	290	3	980
Metal Events	2	290	1	80
Indie Events	0	0	0	0
Hip Hop/Reggae	1	200	1	90
Hardcore	2	250	3	330
Mash	3	600	2	320
Acoustic	2	120	0	0
Social Justice/Eco	1	30	1	120
Talent Quests	4	770	0	0
Lan Party	0	0	3	24
PS3 Comp	0	0	0	0
<b>Sub Totals</b>	<b>19</b>	<b>2680</b>	<b>16</b>	<b>2044</b>
<b>Private Hire Events</b>				
Music Videos	3	126	1	15
Youth Dance Parties	13	1895	5	530
<b>Sub Totals</b>	<b>16</b>	<b>2021</b>	<b>6</b>	<b>545</b>
<b>Overall Totals for ZEAL and Private Hire functions:</b>	<b>35</b>	<b>4701</b>	<b>22</b>	<b>2589</b>

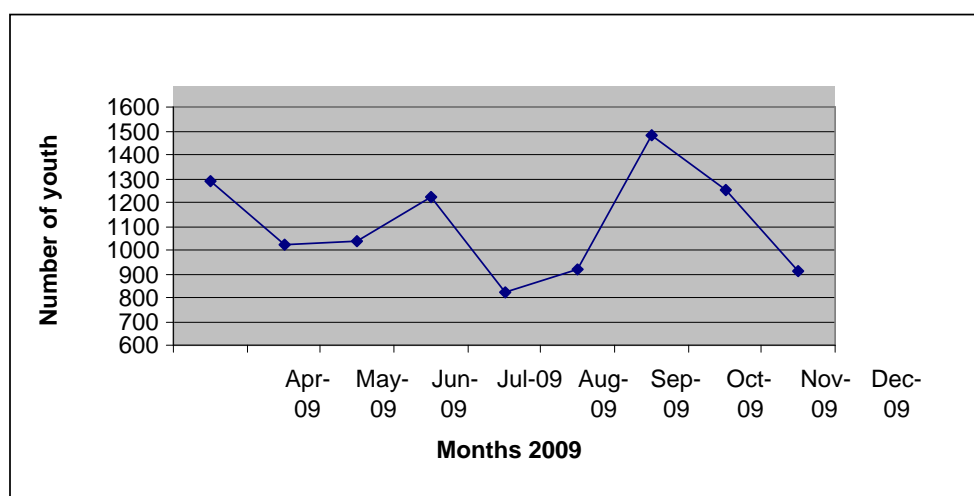
**Table 1:** Activities/workshops held at ZEAL from July-December 2009

#### Business Hours

7. Global Café is open and staffed from 8am-10pm Monday to Saturday and when required on Sundays. During the day (8am-3pm) Global Café is primarily used by education providers.
8. Hirers/groups include alternative education groups, schools, Unitec, youth groups and bands that use the rehearsal rooms, performance studio, arts studio and media rooms from 8am-10pm at night. In total the Global Café is open to youth approximately 84 hours a week.
9. The main doors are closed from 8am-3pm to avoid a location for truancy where youth could hang out at Global Café instead of going to school. This was a decision made by Council during development of Global Café.

### Usage of Global Café

10. The Agreement specifies minimum usage and service delivery for the rehearsal rooms, art gallery, general hangout, holiday programmes and school time bookings.
11. The rehearsal rooms are required to be used at least 60% of all peak hours (Monday to Thursday, 4pm-10pm). To date the rehearsal rooms have been utilised over 80% of peak time and have proved to be very popular.
12. ZEAL are required to host at least two gallery evenings, annually, to display local youth art. In the first six months a total of 20 exhibitions have been on display with 11 of those gallery exhibitions produced by disabled youth.
13. General hangout time is defined as 3pm-7pm, Monday to Thursday. The Agreement sets a weekly target of 200 visitors during this hangout time. In the first six months a total of 6,610 youth used Global Café for general socialising which is an average of 254 per week.
14. During the school holiday periods Global Café is open Monday to Thursday from 12pm-7pm for hangout activities. In the September/October holidays ZEAL organised extra art workshops, Lyricist Lounge, DJ Workshops, and had movies shown in the stage area.
15. School time bookings are generally education providers which utilise Global Café for delivering on parts of their curriculum during the school hours of 9am-3pm. The Agreement specifies a target of 40 bookings per financial quarter. In the first quarter (July–September) of the financial year 65 bookings were taken, however, in the second quarter there were only six bookings. The second quarter covered the period October to December 2009 and the reduced bookings can be attributed to school exams and school holidays. This target will need to be amended for future years to reflect the school terms.
16. Total visitor numbers to Global Café for the six months is 19,209. The trend in visitor numbers to Global Café during hangout hours is shown in Figure 1 below.



**Figure 1: Visitors to Global Café during the Hangout Hours**

17. The number of youth attending Global Café did drop over the November to December 2009 period however this is attributed to exams and school holidays. Attendance numbers demonstrate Global Café is popular with youth in the City.

### **Financial Accountability**

18. ZEAL's audited accounts are pending and once received Council's Risk and Assurance staff will be able to assess performance against this outcome.

### **Marketing and Promotion**

19. In August 2009 Global Café appeared on The Erin Simpson Show, which was also re-screened in November 2009. The Erin Simpson Show caters for youth with all the latest fashions, trends and activities in New Zealand.
20. Amy Pollard, a volunteer at Global Café, who also studies at Auckland University of Technology and is completing a Bachelor degree in Events Management has also had a feature aired on television with the majority of this interview being shot at Global Café.
21. ZEAL continues to increase their marketing of events through use of social networking sites, using online gig guides, and ZEAL's own website.
22. ZEAL markets events through use of flyers and posters in schools and at Global Café. ZEAL has worked closely with schools and several have agreed that ZEAL could have their own Global Café noticeboard at the school.
23. All publicity must include Council's logo and the Global Café and ZEAL logos.

### **Inclusiveness**

24. ZEAL continues to host a variety of events and workshops which ensures that there is something of interest for all ages, ethnicities, cultures and tastes in music. The "hangout" time always sees a wide range of young people using Global Café.

### **Youth Development**

25. ZEAL has 61 registered volunteers. Twenty of these are regulars who volunteer weekly while the remainder of volunteers help at events. ZEAL events are run by volunteers with management by ZEAL. ZEAL has implemented a new system to track and manage volunteers and their work tasks including:
  - Volunteering in the café- cash handling and barista duties ;
  - Event Management- publicity, organising, running and evaluation of the event; and
  - Production- stage, sound and lighting technology.
26. When volunteers leave, management provide each volunteer with a detailed work history, hours completed and act as a referee for the volunteer's curriculum vitae.

### **Youth User Satisfaction Survey**

27. Council has continued to receive positive feedback about ZEAL and Global Café. ZEAL will complete a formal survey of users by June 2010.

### **Added Value**

28. Community Action on Youth and Drugs have recently funded ZEAL with \$6,000 towards a Drug and Alcohol Counsellor who is onsite for 10 hours a week. Having the Drug and Alcohol Counsellor on site allows ZEAL to manage the operations without the distraction of performing social work. Youth get the chance to build a relationship with ZEAL and then find it easier to be referred to the appropriate youth partners.

29. ZEAL has several successful partnerships with other organisations. Partnerships include:
- New Zealand Police - ZEAL Management, Council officers and representatives from the Police meet regularly to discuss issues and ways to achieve desired outcomes for youth;
  - Child Youth and Family - ZEAL meet with various social workers so ZEAL can make referrals.
  - Waipareira - relationship is currently being established by the two organisations so ZEAL can refer youth to Waipareira's health services.
  - Young Man Christian Association (YMCA), Raise Up and Represent Manager - ZEAL often refer Massey youth to YMCA hip hop classes and events.

#### **Overall Performance**

30. ZEAL continues to be extremely busy and Council officers are pleased with the progress to date. ZEAL continue to refine the operations at Global Café and are coming up with new ideas and projects on how to maintain youth numbers and keep youth engaged.
31. Global Café continues to be recognised as the best youth music venue in Auckland. ZEAL is working in extended areas of Waitakere by having concerts at local schools during their lunch period. ZEAL have also adopted an area of Project Twin Streams at the back of West Wave through to Henderson Mall which is looked after and maintained by the youth to teach them to not only respect the inside of Global Café, but the surrounding areas as well.

#### **STRATEGIC CONTEXT**

32. 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.
33. 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 Global Café contribute to are Strong Communities, Urban and Rural Villages and Toiora (Arts).
34. The Global Cafe contributes primarily to the Social Strategy and draft Cultural Strategy. The activities provided by ZEAL deliver on the youth based priorities.

#### **CONSULTATION**

35. Consultation was undertaken with Council officers and ZEAL staff in regards to the facility and activities run from Global Café.

#### **RESOURCES**

36. \$142,000 has been allocated in the Annual Plan 2009/2010 as an operational fund paid in quarterly instalments subject to performance for the running of the Global Café.

37. The Community Grants and Support Officer is responsible for managing the contract with ZEAL for the management of the Global Café, which requires 10 percent of the Council officer's time.

#### **IMPLEMENTATION ISSUES**

38. There are no implementation issues with this report

#### **AUCKLAND COUNCIL TRANSITION ISSUES**

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

**Report prepared by:** Kim Hammond, Council Grants and Support Officer.



## **14 EXTENSION TO THE MANAGEMENT AGREEMENT FOR CORBAN GREEN COMMUNITY FACILITY**

### **GLOSSARY**

McLaren Park Henderson South Community Initiative Incorporated	(MPHSCII)
Auckland Transition Agency	(ATA)
Long Term Council Community Plan 2009-2019	(LTCCP)
ASB Community Trust	(ASB)
Auckland Transition Agency	(ATA)

### **EXECUTIVE SUMMARY**

The purpose of this report is to request an extension of the management contract for McLaren Park Henderson South Community Initiative Incorporated (MPHSCII) past 2012. The extension is necessary to secure funding for the Corban Green fitout.

The intention is for the Corban Green Facility to be Council owned and community managed. There are limited funding options available to MPHSCII due to existing funding grant needs.

### **RECOMMENDATIONS**

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

1. **Receive** the Extension to the Management Agreement for Corban Green Community Facility report.
2. **Agree**, subject to resolution 3 below to grant an extension to the management agreement from July 2012 to June 2015 with a further three year right of renewal.

3. **Note** that resolution 2 above is subject to confirmation by the Auckland Transition Agency.

## BACKGROUND

1. Council has budgeted a total of \$1,943,000 in the Long Term Council Community Plan 2009-2019 (LTCCP) for the Corban Green Facility to be built in the 2010/2011 financial year. Council funding for fitout was considered but not available so responsibility for the fitout went to MPHSCII. It was not expected that MPHSCII would experience difficulty obtaining funding for the fitout.
2. Council funding for Corban Green facility includes construction of two buildings connected by a covered courtyard, landscaping and car parking. Council funding does not include the cost of the fitout as this is to be the responsibility of MPHSCII, however discussions with the targeted funding agency for the fitout has identified that funding will not be forthcoming due to the short term nature of the management contract, which is currently approved to June 2012.
3. At the February 2010 meeting of the Finance and Operational Performance Committee a resolution was passed that granted MPHSCII the management of the Corban Green Facility. This time period of the management contract was limited due to the instructions from the Auckland Transition Agency (ATA) that no contracts are to be entered into past June 2012. The Finance and Operational Performance Committee resolved as follows:

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

*Agree, subject to resolution 3 below, that McLaren Park Henderson South Community Initiative Incorporated be granted the management contract for the proposed community facility to be located on Corban Green.”*

*80/2010*

4. There was a concern, at the time of this resolution, that funding agencies would not support applications for the fitout of the new Corban Green Facility with this short timeframe but it was hoped that they would understand the parameters imposed during this time of governance transition. In an attempt to mitigate this Council wrote a letter of support potentially to assist MPHSCII's funding application. Unfortunately, MPHSCII was informed by the targeted funding agency “that there was no point in making an application, as the short management agreement time would not be acceptable to them”.

## DECISION MAKING

### Issues

5. Funding for the fitout has risks particularly in the current fiscal environment where funding is harder to obtain. The fitout of the Corban Green Facility is currently planned to include the fixtures and fittings of a commercial kitchen and chattels including cutlery, kitchen appliances, tables, chairs, portable staging, lighting rigging, sound system, washing machine and drier for the utility room, meeting room tables and chairs, whiteboards etc.
6. The design of the commercial kitchen is intended to accommodate the needs of the community as both a teaching space for small groups to learn how to cook as well as cater for functions at the facility and social enterprise opportunities around making produce for farmers markets. To gauge the cost of a suitable kitchen an indication of price was sought from two reputable commercial kitchen suppliers.

Their costs came in very similar in price and it is estimated that the cost of the fixtures and fitting of the kitchen would be \$90,000.

7. MPHSCII has over the past few months been gathering quotes for the chattels. At this stage the estimate is about \$110,000, making a total cost of \$200,000 needed to be sought from funding agencies for the total fitout.
8. When Council has entered into similar community management arrangements, where funding for fitout have been sought from community funding agencies, the ASB Community Trust (ASB) has generally been the organisation which has provided funding. In this case MPHSCII have applied to ASB for funding for the Computer Clubhouse and will not be able to apply for the fitout as well.
9. There are alternative funding agencies that could fund the fitout of the Corban Green Facility but these agencies have been identified for MPHSCII's ongoing funding needs for their community development work. That leaves only one real funding organisation available for the fitout and it was this agency that indicated their inability to fund with such a short management contract timeframe.

#### **Options Identified**

10. There are two options that can be considered in relation to the fitout of the Corban Green Facility, they are:
  - a. Agree to an extension of the current management agreement from July 2012 to June 2015 with a further three year right of renewal; and
  - b. Elect not to agree to an extension of the current management contract.

#### **Assessment of Options**

11. Extending the contract will satisfy the preferred funding agency's conditions and thereby allow MPHSCII to submit a complying funding application. Approval of an extended contract is subject to ATA approval. If the ATA does accept the extended contract MPHSCII can pursue \$200,000 funding from the identified funding agency.
12. Not approving the extension to the management agreement leaves Council in a difficult position of potentially having a community facility without fixtures, fittings and chattels. The closing date for the funding application for the fitout is July 2010 with the decision date in November 2010 which means that future decisions will be in the hands of the Auckland Council should their application be turned down.

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

13. The construction of the Corban Green Facility is being developed in response to community submissions and the integrated project is due to community input led by MPHSCII.

#### **Preferred Option**

14. If the Finance and Operational Performance Committee sees fit to approve the extension of the management contract for a further two three year terms, this would give certainty to MPHSCII and funding agencies and increase the chance of success for further funding applications.

## STRATEGIC CONTEXT

15. In 2005 Waitakere identified a set of community outcomes for the community of Waitakere. The Council must take these into account in the formulation of its long term strategic direction and LTCCP. The community outcomes that community facilities are seen to contribute to achieving are: Mauri Ora, Strong Communities, Toiora, Urban and Rural Villages, Vibrant Arts and Culture and Working Together. Of these, the primary community outcome is Strong Communities, by enabling and creating ways for people to contribute to their own communities and fostering a strong sense of belonging and networks, positively contributes to the City, community, friends and family.
16. Waitakere has adopted its strategic framework of six strategies. The provision of community facilities will deliver on the Social and draft Cultural Wellbeing strategies. In particular community facilities contribute to “building strong resilient communities” and “informed, resourceful and skilled people” community outcome areas. It will also contribute to achieving the strategic priorities of the Treaty of Waitangi, Sustainability, First Call for Children, Safe City and Lifelong learning.

## CONSULTATION

17. Considerable and ongoing consultation has been undertaken with the McLaren Park Henderson South Community throughout this process.

## RESOURCES

18. Council has budgeted a total of \$1,943,000 in the Long Term Council Community Plan 2009-2019 (LTCCP) for a new purpose built community facility to be built in the 2010/2011 financial year, which does not include the fixtures, fittings and chattels for the facility.
19. Council has allocated staff time to project manage the construction of the Corban Green Facility.

## IMPLEMENTATION ISSUES

20. Once an extension to the management agreement is received from Council and the ATA, MPHSCII can pursue their funding application for the fitout.

## AUCKLAND COUNCIL TRANSITION ISSUES

21. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council’s decision making capabilities in respect of entering into any contract that imposes, or will continue to impose, any obligation on the existing local authority after 30 June 2011; and the consideration for which is, or is equivalent to, \$20,000 or more.

**Report prepared by:** Jan Brown, Community Projects and Liaison Officer.



**PART E - REPORTS FROM THE SUBCOMMITTEES**

15 **TENDERS SUBCOMMITTEE**

**THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS HELD ON FRIDAY, 5 MARCH 2010 AND FRIDAY, 19 MARCH 2010**

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**MATTERS CONSIDERED**

*A160-A164*

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings is attached at pages A160 to A164.

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

**Receive** the meetings reports of the Tenders Subcommittee held on Friday, 5 March 2010 and Friday, 19 March 2010.

RI Clow  
**CHAIRMAN**

